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FBIS-EAS-95-104 CONTENTS *31 May 1995*

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

- APEC Open Trade Forum, Agenda Previewed *[THE NATION 27 May]* 1
- WTO Chief Urges End to Agricultural Barriers *[Melbourne International]* 1
- Cairns Group Charges Japan, U.S., EU on Subsidies *[AFP]* 1
- APEC Communications Ministers Meet in Seoul 2
  - Meeting Previewed *[YONHAP]* 2
  - U.S. Envoy Arrives Seoul *[YONHAP]* 2
  - APEC Executive Director Arrives *[YONHAP]* 3
  - Kim Yong-sam Addresses Forum *[YONHAP]* 3
  - Japan Proposes Projects *[KYODO]* 3
  - Regional Infrastructure Proposed *[KYODO]* 4
- Ministers Adopt Telecommunications Declaration *[KYODO]* 4
- Singapore To Join WTO Telecom Negotiating Group *[Singapore Radio]* 7

INTER-ASIAN AFFAIRS

- ARF To Raise Spratlys Issue With PRC *[Quezon City Radio]* 8
- EAGA Countries Agree To Ease Trade Rules *[BUSINESS WORLD 25 May]* 8
- Alliance To Build Up Asian Infrastructure *[BUSINESS DAY 31 May]* 8
- ASEAN Group Proposes Fishing Cooperation *[BERITA HARIAN 25 May]* 9

NORTHEAST ASIA

Japan

- Clinton, Murayama Talks Unlikely Before Summit *[KYODO]* 10
  - MOFA Official: Delay Unlikely *[KYODO]* 10
  - Kuriyama Rejects U.S. Call for Delay *[KYODO]* 10
- Hashimoto Sends Letter on Auto Talks to Kantor *[KYODO]* 11

Prospects for Auto Discussions at Summit Viewed ... 11
  Kono: Auto Talks Unlikely *[NIHON KEIZAI SHIMBUN 30 May]* ... 11
  Hashimoto: Autos 'Inevitable' Issue *[NIHON KEIZAI SHIMBUN 30 May]* ... 11
Watanabe Criticizes Hashimoto on Auto Talks *[MAINICHI SHIMBUN 24 May]* ... 11
Auto Parts Makers Expanding Capital Investment *[NIHON KEIZAI SHIMBUN 24 May]* ... 12
'Calm' Reaction to Auto Dispute Advised *[NIHON KEIZAI SHIMBUN 24 May]* ... 12
Rio Group Said To Oppose U.S. Trade Sanctions *[KYODO]* ... 13
Panelists Debate Economy, Trade in New Era *[GAIKO FORUM Apr]* ... 14
Former Envoy Stresses Importance of U.S. Ties *[GAIKO FORUM May]* ... 20
Editorial Supports Li Teng-hui's U.S. Visit *[SANKEI SHIMBUN 24 May]* ... 25
UN Raid on Bosnian Serbs Termed 'Unavoidable' *[KYODO]* ... 26
Murayama, Rio Ministers Agree To Boost Ties *[KYODO]* ... 26
DPRK Agrees To Restart Normalization Talks *[YOMIURI SHIMBUN 31 May]* ... 26
ROK Visit To Discuss DPRK Rice Aid Shelved *[NIHON KEIZAI SHIMBUN 31 May]* ... 27
Aid Cuts To Protest PRC Nuclear Tests Viewed *[SANKEI SHIMBUN 24 May]* ... 27
Takemura Vows 'Utmost Efforts' on Economy *[KYODO]* ... 28
MITI Loan Program Targets Price Disparities *[SANKEI SHIMBUN 24 May]* ... 29
BOT Chairman Analyzes Reasons for Yen Surge *[SANKEI SHIMBUN 25 May]* ... 29
Nomura Research Head Interviewed on Economy *[SANKEI SHIMBUN 23 May]* ... 30
Experts Discuss Nation's Economic Growth *[EKONOMISUTO 2-9 May]* ... 30
Murayama Notes 'Determination' on Resolution *[KYODO]* ... 35
Opponents of War Resolution Stage Rally *[KYODO]* ... 36
Igarashi Renews Call for 'No-War' Diet Motion *[KYODO]* ... 36
Kaifu Urges Adoption of Antiwar Resolution *[KYODO]* ... 36
Sakihito Ozawa: 'No-War Resolution' Key Issue *[GENDAI May]* ... 37
Murayama on SDPJ Meeting, Plan for New Party *[KYODO]* ... 38
Igarashi Assesses Murayama Administration *[ASAHI SHIMBUN 23 May]* ... 39
Mori Remarks on 'Transitional Cabinet' Reviewed *[SHUKAN DAIYAMONDO 27 May]* ... 40
SDPJ Convention Weighs New Party Plan *[KYODO]* ... 40
Ruling Parties To Develop New Policy Accord *[KYODO]* ... 41
Ozawa Backs 'Save-the-Nation' Cabinet Idea *[SANKEI SHIMBUN 23 May]* ... 41
New Party To Group Sports, Cultural Figures *[KYODO]* ... 42
Reactions to New SDPJ Party Plan Viewed *[ASAHI SHIMBUN 28 May]* ... 42

North Korea

- 'Deadlock' in Nuclear Talks With U.S. Reported *[Kuala Lumpur Radio]* 42
- Foreign Minister on U.S. Talks, ROK Reactors *[KCNA]* 43
- Paper Urges U.S. To Set Up New Peace Mechanism *[KCNA]* 43
- Radio Talk Urges New 'Peace System' on Peninsula *[Pyongyang Radio]* 43
- CNN Delegation Leaves Pyongyang for U.S. *[Pyongyang Radio]* 45
- ROK Women's Groups Lodge 'Protest' With U.S. *[KCNA]* 45
- Kim Yong-nam: ROK-Style Reactors 'Nonexistent' *[Pyongyang Radio]* 45
- Ambassador on 'Falsity' of ROK-Style Reactor *[Pyongyang Radio]* 46
  - Further on Ambassador's Comments *[KCNA]* 46
- KCNA Cites Foreign Support for Reactor Stance 47
- Reunification, Religious Groups Denounce South *[KCNA]* 47
- KCNA Denounces South for Penalizing Religionists 47
- Kim Yong-sam Denounced for 'Suppressing' Labor *[Pyongyang Radio]* 48
- VNS Praises Kim Chong-il for Japan Talks *[KCNA]* 49
- WPK Urges Durable Peace Effort in Asia, World *[KCNA]* 49
- Korean Youth in China Delegation Arrives 29 May *[KCNA]* 50
- Mongolian Party Delegation Arrives Via Train *[KCNA]* 50
  - Visits Kim Il-song Statue *[KCNA]* 50
  - Attends Party Hosted by WPK *[KCNA]* 50
  - Holds Talks With WPK 31 May *[KCNA]* 50
- Kim Yong-nam, Thai Counterpart Exchange Messages *[KCNA]* 51
- Yang Hyong-sop Meets New Indonesian Ambassador *[KCNA]* 51
- Yi Chong-ok Meets Cambodian Party Delegation *[KCNA]* 51
- Head of Lao Delegation Remarks on Korean Unity *[KCNA]* 51
- Lao Youth League Delegation Leaves Pyongyang *[Pyongyang Radio]* 52
- Zambian Party, Government Delegation Arrives *[KCNA]* 52
  - Visits Kim Il-song's Statue *[KCNA]* 52
  - Papers 'Warmly' Welcome Visit *[KCNA]* 52
  - Attends Banquet Hosted by WPK *[KCNA]* 53
  - Holds Talks With Officials *[KCNA]* 53
  - Issues Addressed Reported *[Lusaka Radio]* 53
  - Visits Mangyongdae With Pak *[KCNA]* 53
  - Brings Gift for Kim Chong-il *[KCNA]* 54
  - Meets With Hwang Chang-yop *[KCNA]* 54
- Equatorial Guinean Party Delegation Visits 54
  - Sees Kim Il-song Statue *[KCNA]* 54
  - Holds Talks With WPK 28 May *[KCNA]* 54
  - Attends Reception Given by WPK *[KCNA]* 54
  - Meets With Vice President Yi *[KCNA]* 55
  - Presents Gift for Kim Chong-il *[KCNA]* 55
- Hwang Chang-yop Meets Outgoing Syrian Ambassador *[KCNA]* 55
- NDFSK Syrian Mission's Statement on Kwangju *[KCNA]* 55
- Ethiopian Embassy Holds News Conference 29 May *[KCNA]* 56
- Kim Chong-il Replies to Cuban, Indian Greetings *[KCNA]* 56
- Cuban Air Force Delegation Arrives in Pyongyang *[KCNA]* 56
  - Visits Kim Il-song's Statue *[KCNA]* 56
  - Holds Talks With KPA 28 May *[KCNA]* 56
  - Presents Gift for Kim Chong-il *[KCNA]* 57
- Mexican Party Leader Meets WPK Group 16 May *[Pyongyang Radio]* 57

- WPK Delegation Meets Panamanian Party Leaders ... 57
  - Democratic Revolutionary Party *[Pyongyang Radio]* ... 57
  - People's Party of Panama *[Pyongyang Radio]* ... 57
- Finnish Chuche Idea Research Delegates Depart *[Pyongyang Radio]* ... 58
- UN Children's Fund Delegation Arrives *[KCNA]* ... 58
- Kim Chong-il Thanks Workers for Army Support *[KCNA]* ... 58
- Kim Chong-il Sends Thanks to Units, Officials *[KCNA]* ... 58
- Bulletin on Kim Chong-il Published in Denmark *[KCNA]* ... 58
- Kim Chong-il Thanks People for Army-People Unity *[KCNA]* ... 58
- Love for People 'Natural Gift' of Kim Chong-il *[KCNA]* ... 59
- Popular Song Honoring Kim Chong-il Reported *[KCNA]* ... 59
- Poems on Kim Il-song, Kim Chong-il Lauded *[KCNA]* ... 60
- Foreign Newspapers Carry Kim Il-song's Works *[KCNA]* ... 61
- Kim Il-song's 1947 Visit to Farm Described *[KCNA]* ... 61
- Talk Stresses Unity of Leader, Party, Masses *[Pyongyang Radio]* ... 62
- Paper Views Party's 'Benevolent Politics' *[KCNA]* ... 64
- Might of Popular-Centered Socialism Stressed *[MINJU CHOSON 5 May]* ... 64
- Achievements in Politics, Economy, Culture Lauded *[KCNA]* ... 67
- Farm Work Proceeds in Response to Party Calls *[KCNA]* ... 68
- Chagang Plants Score Gains in Power Generation *[Pyongyang Radio]* ... 68
  - Manager Interviewed on Details *[Pyongyang Radio]* ... 68
- Iron, Steel Workers Score Gains in Production *[Pyongyang Radio]* ... 69
- Kanggye Plant Reports Gains in Power Generation *[Pyongyang Radio]* ... 69
- 17 Mar Hydroelectric Plant Increases Production *[Pyongyang Radio]* ... 70
- Soybean Sauce Plant Workers Build Power Plant *[NODONG SINMUN 6 May]* ... 70

South Korea

- Reportage on U.S.-DPRK Talks in Malaysia ... 71
  - DPRK Wants Auxiliary Facilities *[CHOSON ILBO 31 May]* ... 71
  - 31 May Talks Last '20 Minutes' *[Seoul Radio]* ... 71
  - No Role for Seoul in Talks *[HANGUK ILBO 30 May]* ... 71
- No Accord Reached in Beef Talks With U.S. *[YONHAP]* ... 72
- Half Disqualified Livestock Products From U.S. *[THE KOREA TIMES 31 May]* ... 72
- U.S. Steel Pipe Industry To File Complaint *[CHUNGANG ILBO 28 May]* ... 73
- Kentucky Governor Arrives for Trade Talks *[YONHAP]* ... 73
- Samsung Wants U.S. Military TV Station *[TONG-A ILBO 27 May]* ... 73
- Regime Wary of DPRK Linking Boat Seizure, MAC *[CHOSON ILBO 31 May]* ... 74
- Red Cross Letter Urges Return of Fishing Boat *[Seoul Radio]* ... 74
- NUB Minister on Rice Aid for North, Reactors *[YONHAP]* ... 74
- Japan Plan for Envoy on DPRK Rice Rejected *[YONHAP]* ... 75
- North Reportedly Sought UN Food Aid in Apr *[YONHAP]* ... 75
- DPRK Economic Policy Moves Toward 'Pragmatism' *[CHUNGANG ILBO 30 May]* ... 75
- National Security Monitoring Group Set Up *[YONHAP]* ... 76
- Nations Okay Pact on Tumen Development *[YONHAP]* ... 76
- Relief Aid Readied for Sakhalin Quake Victims *[YONHAP]* ... 77
- Kim Yong-sam Condoles Yeltsin on Sakhalin Quake *[YONHAP]* ... 77
- UK Urges Meeting OECD Financial Rules *[YONHAP]* ... 77
- Curbs on Foreign Futures Trading To End *[THE KOREA TIMES 27 May]* ... 77
- WTO Notified on Agricultural Import Tariffs *[THE KOREA HERALD 27 May]* ... 78
- Health Ministry Introduces Food Recall System *[THE KOREA HERALD 27 May]* ... 78
- Many Imported Plants Fail To Clear Customs *[YONHAP]* ... 79
- Largest Number of Guest Workers From Indonesia *[YONHAP]* ... 79
- Mongolians To Work as Industrial Trainees *[YONHAP]* ... 79
- Kong No-myong, Albanian Minister Sign Agreement *[Tirana TV]* ... 80
- Telecommunications Agreement Signed With Canada *[THE KOREA HERALD 28 May]* ... 80
- Communications Cooperation Pact With Singapore *[YONHAP]* ... 80

.... 81
.... 81
Catholics Vow Resistance if Police Raid Church *[YONHAP]* 81
Premier Wants Telecom Dispute Over Within Week *[YONHAP]* 81
Prosecutor To Pursue, Punish Telecom Unionists *[YONHAP]* 82
Korea Telecom Charged With Misappropriation *[YONHAP]* 82
    Telecom Officials, Union Rebut Findings *[THE KOREA TIMES 31 May]* 82
Telecom Industry To Receive Government Loan *[YONHAP]* 83
'Sense of Crisis' Seen in Telecom Labor Dispute *[THE KOREA TIMES 31 May]* 83
Professors Oppose 'Crackdown' on Labor *[THE KOREA TIMES 30 May]* 84
'Internal Strife' Dividing Democratic Party *[YONHAP]* 84
Opposition Party Head Revokes Resignation *[YONHAP]* 84
Kim Yong-sam Warns Against Poll Irregularities *[YONHAP]* 85
Kim Yong-sam Seeks Funds for Education Reforms *[YONHAP]* 85
UN Hears Ex-Reeducation Camp Inmates' Complaints *[YONHAP]* 86
Economic Climate Viewed, More Growth Forecast *[YONHAP]* 86
    Institute Predicts 9.1-Percent Growth *[YONHAP]* 87
Jan-Apr Current Account Deficit $4.3 Billion *[YONHAP]* 87
Government To Stimulate Stock Market *[YONHAP]* 88
Hyundai, Samsung Compete on Nuclear Plant Bid *[THE KOREA HERALD 28 May]* 88
Samsung Aerospace's Long-Term Plans Outlined *[THE KOREA HERALD 30 May]* 89
Agent Orange 'Victims' To Be Compensated *[THE KOREA HERALD 27 May]* 89

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

Mahathir Affirms Ownership of Spratly Isle *[THE STAR 27 May]* 90
Minister Urges Negotiations on Spratlys *[BERITA HARIAN 29 May]* 90
Mahathir: NATO 'Not Serious' About Bosnian War *[Kuala Lumpur TV]* 90
Mahathir Condemns Killing of Bosnian Minister *[Kuala Lumpur TV]* 91

Cambodia

Sihanouk Asks Leniency for Convicted Publishers *[Phnom Penh Radio]* 91
Hun Sen Discusses Election Preparations *[REAKSMEI KAMPUCHEA 28 May]* 91
Commentary Backs Army Offensive Against KR *[Phnom Penh Radio]* 92

Indonesia

Anti-U.S. Protests Erupt in Five Cities *[REPUBLIKA 27 May]* 92
Alatas Comments on Spying at Canberra Embassy *[Jakarta Radio]* 93
UK Minister Notes 'Balanced' Human Rights *[Jakarta Radio]* 94
Alatas Comments on Jakarta's Foreign Policy *[KOMPAS 28 May]* 94
ABRI 'Ready' To Defend Natuna Island *[Jakarta Radio]* 95

Laos

Singapore Foreign Minister on Official Visit 95
    Meets With Leaders *[Vientiane Radio]* 95
    Meets Prime Minister *[Vientiane Radio]* 96
    Delegation Ends Visit *[KPL]* 96
Khamtai Siphandon Receives SRV Delegation *[KPL]* 96
Cooperation Pact Signed With SRV Province *[Vientiane Radio]* 97

Thailand

DPRK's Kim Yong-nam on Unofficial Visit *[XING XIAN RIBAO 28 May]* 97
Surin Rejects Burmese Charge on Border Conflict *[BANGKOK POST 30 May]* 97
U.S. Congressman's Burma Visit Reported *[BANGKOK POST 31 May]* 98
WTO Chief Interviewed on Trade, Services *[THE NATION 31 May]* 99
Groups Welcome KR Timber Deal Investigation *[THE SUNDAY POST 28 May]* 100
Government, Private Sector Back Nuclear Power *[THE NATION 30 May]* 100
Research Center Reports on Inflation Policy *[BANGKOK POST 31 May]* 101

Vietnam

Radio Reports Winston Lord Remarks on MIA's *[Hanoi Radio]* 102
Investment Promotion Accord Signed With Russia *[Hanoi Radio]* 102
Directive Urges Review of Enterprise Reform *[Hanoi Radio]* 102
State Bank Cuts Interest on Short-Term Loans *[Hanoi International]* 102

AUSTRALASIA

Australia

Malaysia To Investigate 'Spying' at Embassy *[Melbourne International]* 104
Indonesia To Offer To Sell CN-235 Aircraft *[Jakarta Radio]* 104
Evans on Diplomatic Solution to Bosnian Crisis *[Melbourne International]* 104
Trade Minister Criticizes G-7 Trade Reforms *[Melbourne International]* 105

New Zealand

Foreign Minister on Pulling Troops From Bosnia *[Melbourne International]* 105

APEC Open Trade Forum, Agenda Previewed

BK2705122995 Bangkok THE NATION in English 27 May 95 p B2

[Report by Surachai Chuphaka]

[FBIS Transcribed Text] Senior officials from the Asia Pacific Economic Cooperation [Apec] countries will convene at a preparatory meeting in Sapporo, Japan in the first week of July.

A source from the Commerce Ministry said that officials will discuss details on how to create open trade in the Asia Pacific. The source said that Apec members will have to work out a liberalization package designed to cover trade, investment and services.

The official said that Apec members will have to discuss the starting date for the liberalization programme. At last year's Apec summit, Apec developing country members agreed under the Bogor Declaration to liberalize their economies by 2020 while developed members are required to do so by 2010.

The Apec leaders, however, failed to specify the start date for the liberalization package.

Asean economic ministers expressed their intentions during their recent informal meeting in Phuket that Asean should not open up their markets under the Apec liberalization programme until the year 2000.

The source added that members will have to discuss ways to prevent 'free riders' taking unfair advantage of the liberalization programme, and also how Apec members will grant concessions to non-Apec members.

The meeting will take place from July 1-8. The first day's discussions will focus on the latest economic situation in each Apec country; the second day will be a meeting of the heads of the economic committee.

The Apec Committee on Trade and Investment will discuss planned common standards for Apec goods.

From July 4-5, there will be a meeting of special senior officials, followed by an Apec senior economic officials forum.

This meeting is the third so far of Apec senior officials, following the last one held in Singapore earlier this year. The fourth meeting is expected to be held in Tokyo, prior to November's Apec summit in Osaka.

The head of Thailand's senior officials will be the permanent secretary of the foreign ministry. But the Thai government has yet to decide who will be the head of the senior officials at the special senior official meeting.

WTO Chief Urges End to Agricultural Barriers

BK2705131395 Melbourne Radio Australia in English 1100 GMT 27 May 95

[FBIS Transcribed Text] The director-general of the World Trade Organization [WTO], Renato Ruggiero, has called on the major powers to lift barriers on agricultural exports. Speaking in Manila where he attended a meeting of the Cairns group of 14 nations, Mr. Ruggiero said governments must honor commitments made in the Uruguay Round of global trade negotiations to reduce subsidies in the agricultural sector. He said that without agricultural reform it was not possible to have real liberalization in the world economy. The Cairns group says it plans to lobby the United States, the European Union, and Japan to cut domestic farm subsidies and maintain the momentum of economic reform.

Australia's senator Bob Mcmullan, the chairman of the group, said that while the Uruguay Round was a significant first step it did not constitute a settlement of concerns over agricultural protectionism. The group accounts for some 20 percent of the world agricultural exports.

Cairns Group Charges Japan, U.S., EU on Subsidies

BK2705100895 Hong Kong AFP in English 0944 GMT 27 May 95

[Report by Martin Abbugao]

[FBIS Transcribed Text] MANILA, May 27 (AFP) — An influential trade body Saturday called for negotiations to further liberalize agricultural exports ahead of the 1999 GATT talks and slammed the United States, Japan and the European Union for circumventing Uruguay Round rules on subsidies.

The Cairns Group of agricultural exporting countries made the call at the end of a two-day meeting here attended by World Trade Organization (WTO) director-general Renato Ruggiero of Italy.

Agricultural and trade ministers who attended the conference criticized the United States, Japan and the European Union for trying to skirt a provision on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) to reduce subsidies on agricultural exports by July 1.

They accused these highly industrialized countries — which are their major markets — of issuing export-subsidizing permits that allow them to continue support on some products even after the deadline.

"We are determined to continue to take a strong and unified approach in the pursuit of a global system of agricultural trade free of the distortions which currently deny our farmers the full return on their labours," said Cairns meeting chair and Australian Trade Minister Bob McMullan.

"The Uruguay Round outcome was a significant first step... in terms of agricultural reforms but we are determined to... ensure that the commitments must be fully implemented — no circumvention, no breaches of spirit, no attempts to dilute the outcome and the consequences," he told a news conference.

In a communique, the agriculture and trade ministers from Cairns' 14 member nations "expressed their determination to begin negotiations as soon as possible" to further open agricultural markets, before the next round of GATT talks in 1999.

The group will next meet in Singapore in December 1996.

Ruggiero, who flew to Manila to attend the meeting, told the group that he acknowledged the limitations of the agricultural reforms in the Uruguay Round, but said that this was the best available at the moment and that they have to work for more reforms and monitor implementation.

"Many of you would no doubt like to have seen more achieved in terms of specific market access commitments on the major products and export subsidy reductions," he added.

But he explained that "liberalization of trade is an evolutionary process, step-by-step process ... a constant battle against protectionist tendencies" and that "agriculture is no exception."

He said he will make their suggestions on agriculture a priority of the WTO during his term.

McMullan said the group was "gratified" with Ruggiero's attendance because it boosted the group's stature and also for his response. But he noted that the former Italian trade minister had no "magic wand" and could not solve the problems by himself.

"We are very encouraged by the comments that he made and the manner that he made them," said McMullan, who did not give an estimate on the losses due to continued subsidies.

The Cairns group includes Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

Formed in 1985, they account for about 20 percent of the world's agricultural exports in such commodities as palm oil, coconuts, sugar, rice, coffee and wheat.

These countries had strongly lobbied for the inclusion of agriculture in the Uruguay Round of GATT talks and for fair trade rules for agricultural exports to their major markets in the highly industrialized nations.

APEC Communications Ministers Meet in Seoul

Meeting Previewed

SK2705123095 Seoul YONHAP in English 1210 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — Communications and information ministers of Asian-Pacific countries will meet here in Seoul for two-day discussions of increasing regional cooperation in the communications-information field starting Monday.

Participating in the meeting, proposed by President Kim Yong-sam at the second Asia-Pacific Economic Cooperation (APEC) summit held in Indonesia last November, will be some 190 delegates from the regional countries, except Malaysia, and international communications-information organizations.

Setting the goals of the Asia-Pacific information infrastructure (APII) program and action plans and regional cooperation for the program will be among the meeting's agenda items.

The South Korean delegation, headed by Information and Communication Minister Kyong Sang-hyon who will also chair the meeting, will consist of some 30 government officials and specialists from related industries.

U.S. Envoy Arrives Seoul

SK2605055895 Seoul YONHAP in English 0536 GMT 26 May 95

[FBIS Transcribed Text] Seoul, May 26 (YONHAP) — U.S. Deputy Secretary of Commerce David J. Barram arrived in Seoul Friday [26 May] in order to prepare for the Asia-Pacific Economic Cooperation (APEC) ministerial meeting on the telecommunication and information industry, the U.S. Information Service (USIS) announced.

The two-day APEC meet, which will begin Monday at the Shilla Hotel, will focus on the enhancement and promotion of information infrastructures and the use of telecommunications to promote sustainable growth and equitable development in the APEC region.

The deputy secretary, head of the American delegation, is also scheduled to meet with government officials to discuss "a variety of bilateral issues."

Joining Barram will be Amb. Vonya McCann, U.S. State Department coordinator for international communications and information policy, Rachel Chong, FCC commissioner, and Sandra Kristoff, deputy assistant secretary in charge of APEC affairs at the State Department.

APEC Executive Director Arrives

SK3005082295 Seoul YONHAP in English
0619 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — Executive Director of the Asia Pacific Economic Cooperation (APEC) Shojiro Imanishi flew to Seoul Tuesday [30 May] to attend the APEC ministerial meeting on telecommunications and information, according to a Foreign Ministry spokesman.

While staying in the country through Thursday, Imanishi will meet with Information and Communications Minister Kyong Sang-hyon, Vice Foreign Minister Yi Si-yong and other officials of the Ministry of Foreign Affairs and International Trade and Industry to discuss ways to renovate the APEC Secretariat and prepare for the APEC summit meeting slated for November in Osaka, Japan, the spokesman said.

He will also meet with business leaders from the country to discuss ways to promote trade and investment between South Korea and APEC, he said.

Kim Yong-sam Addresses Forum

SK2905033795 Seoul YONHAP in English
0231 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — President Kim Yong-sam declared Monday South Korea would build a 60-billion U.S.-dollar information superhighway by the year 2015 to promote its telecommunication and information industry's international competitiveness and to continue further expansion of the South Korean information and telecommunication market.

In a welcome address to the Asia-Pacific Economic Cooperation (APEC) ministerial meeting on the telecommunication and information industry which opened at the Shilla Hotel Monday morning, Kim said the proposed Asia-Pacific Information Infrastructure (APII) should use each member nation's information infrastructure as a building block for the entire region's development.

A successful APII will speed up and expand regional cooperation and greatly contribute to achieving the long-term APEC objective of regional trade and investment liberalization by the year 2020, Kim remarked.

He said he believes the meeting will be the first big step towards building the APII.

Attending the two-day conference, proposed by President Kim at the APEC summit held in Indonesia last November, were some 190 delegates from 17 regional countries and related international organizations. However, Malaysia did not participate.

In a keynote address, South Korean Information and Communication Minister Kyong Sang-hyon, chairman of the meeting, proposed implementation strategies for the APII — a consultative body of test-bed operators, an effective human resources development plan for active exchange of technical information and well-devised training programs, and a regional information network.

The meeting will finalize action plans and cooperation projects for building the APII, confirm the objectives, principles and strategies of the APII, and adopt the APII Seoul declaration and ministerial joint statement.

Japan Proposes Projects

OW2905131095 Tokyo KYODO in English
1208 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 KYODO — Japan on Monday [29 May] presented six proposals to a meeting of telecommunications and information ministers from the Asia-Pacific area, including the development of a multilingual audio translating system and establishment of a multimedia virtual-reality university.

Japanese Posts and Telecommunications Minister Shun Oide made the proposals at a two-day ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum, which began here the same day.

The APEC meeting was held in line with an initiative by South Korean President Kim Yong-sam at the APEC information summit in Bogor, Indonesia, last November.

The Seoul meeting is expected on Tuesday to adopt a joint declaration on information and urge construction of the Asia-Pacific information infrastructure, according to diplomatic sources.

In an opening speech before ministers from 17 countries, Kim urged the APEC members to unite the region through information networks, saying the area will become the center of the global economy in the 21st century.

Among the participants were Oide and South Korean Information and Communications Minister Kyong Sang-hyon. Malaysia did not send a delegate to the meeting.

Regional Infrastructure Proposed

OW3005140695 Tokyo KYODO in English
1315 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 KYODO — Asia-Pacific information ministers agreed Tuesday [30 May] to work together to develop regional information networks that they say would spur economic growth.

Ministers from 17 Asia-Pacific Economic Cooperation (APEC) forum member nations agreed to help build and expand a regional "interconnected and interoperable information infrastructure," encouraging technical cooperation among their countries.

In a declaration following a two-day meeting on the plan proposed by South Korean President Kim Yong-sam, the ministers also vowed to promote the "free and efficient flow of information," increase related human resource development and encourage policies and regulations that would allow a regional information infrastructure.

Such an "Asia-Pacific Infrastructure Initiative (APII)" will "contribute to creating jobs and sustaining economic growth and the prosperity of the next generation in the region," they said.

The ministers said the information plan is a key element in building on a vow, made at last year's APEC summit in Indonesia, to achieve free trade through the region by 2020.

Japan, as host of this year's summit in Osaka in November, is tasked with fleshing out the free-trade promise, which requires barrier-free trade with developed APEC countries by 2010 and with developing countries 10 years later.

Noting differences in levels of development and information infrastructure, the APEC ministers in Seoul said the principles of their initiative will include "narrowing the infrastructure gap between the advanced and developing economies" and encouraging countries to build domestic communications systems "based on their own reality."

The information ministers also said they would promote competition in information infrastructure development, encourage the private sector to participate with governments, ensure open access to telecommunications networks "in accordance with domestic laws and regulations," and ensure intellectual property rights, privacy and data security.

The ministers directed an APEC working group to develop plans, defining necessary commitments to reach the broad goals, setting target dates for each country and finding areas where members can agree to collective commitments.

They asked the group to expedite such work as establishing "mutual recognition arrangements," a Japanese proposal for easing the acceptance of other countries' standards.

They suggested "cooperative activities" with such lenders as the Asian Development Bank and the World Bank and with such global groupings as the Group of Seven industrial powers, the Organization for Economic Cooperation and Development and the World Trade Organization.

Japan's Kazuo Majima, a parliamentary vice minister of international trade and industry, proposed at the Seoul meeting an advanced industrial information network for APEC that would "enable free distribution and sharing of information among companies across national borders."

The 10-year plan would include a database of projects under way that could be the basis for the regional project, using electronic data interchange for placing and receiving settlement orders and an international system for sharing information needed for design, production and maintenance of blueprints.

Majima also proposed a network for research and industrial technology information, which he said would help expand joint research projects, create new industries and help establish "a new industrial structure."

The Seoul meeting was attended by APEC ministers from 17 countries and regions but was skipped by Malaysia.

The ministers said in a statement they will meet again in Australia but did not set a date.

Ministers Adopt Telecommunications Declaration

OW3005134295 Tokyo KYODO in English
1230 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 KYODO — The following is a full text of the Seoul declaration and a joint statement adopted by ministers on telecommunications and information of the Asia-Pacific Economic Cooperation (APEC) forum on Tuesday [30 May] after their two-day meeting:

Seoul Declaration for the Asia-Pacific Information Infrastructure (APII)

We, APEC ministers responsible for telecommunication and information industry, gathering in Seoul on 29 and 30 May, 1995, reaffirming the Bogor Declaration in which APEC economic leaders

— Agreed to strengthen the multilateral trading system, enhance trade and investment liberalization and facilitation, intensify development cooperation, including free and open trade and investment by industrialized economies by no later than the year 2010 and developing economies by no later than the year 2020 and

— Noted the critical role of the infrastructure in the Asia- Pacific region, including telecommunication and information, in accomplishing this goal,

Acknowledging the spirit of the joint statement of the Jakarta ministerial meeting which emphasized that a priority be given to enhancing the regional infrastructure including telecommunications, and recommendations of the Eminent Persons Group report which highlighted the importance of technical cooperation in improving the telecommunications infrastructure among member economies for the mutual benefit of all APEC member economies to a similar and substantial degree,

Considering that the information infrastructure in the Asia-Pacific region is an integral part of and can contribute to the development of the Global Information Infrastructure (GII),

Emphasizing the contribution of APEC working group on telecommunications (Tel) in promoting telecommunications cooperation, trade and investment liberalization and facilitation in the region, and a role of the Tel in enhancing the information infrastructure in the Asia-Pacific region through an Asia-Pacific Information Infrastructure (APII) initiative,

Recalling the diversity in the level of economic development and information infrastructure disparity among member economies which has kept APEC members from sound and sustainable economic development in the region,

Reconfirming the necessity for every member economy to develop the objectives and principles for a domestic information infrastructure, as far as possible, consistent and complementary with those of the APII when establishing its own information infrastructure,

Recognizing that a greater business/private sector initiative and investment is vital for successfully implementing the APII and that policy coordination and harmonization among member economies can facilitate a competition and market-driven environment,

Believing that the APII will contribute to creating jobs and sustaining economic growth and the prosperity of the next generation in the region,

Reconfirming the necessity of developing timely action plans that include long-range goals and advancement of the APII,

Do hereby agree to commit themselves to strengthen cooperation in every level for the APII in an effective and balanced manner for the regional and global prosperity,

Define the five objectives as:

1. Facilitating the construction and expansion of an interconnected and interoperable information infrastructure in the region,
2. Encouraging technical cooperation among member economies in the development of the infrastructure;
3. Promoting free and efficient flow of information,
4. Furthering the exchange and development of human resources, and
5. Encouraging the creation of policy and regulatory environment favorable to the development of the Asia-Pacific Information Infrastructure,

Declare the 10 core principles for the APII as:

1. Encouraging member economies in the construction of domestic telecommunications and information infrastructure based on their own reality,
2. Promoting a competition driven environment,
3. Encouraging business/private sector investment and participation,
4. Creating a flexible policy and regulatory framework,
5. Intensifying cooperation among member economies,
6. Narrowing infrastructure gap between the advanced and developing economies,
7. Ensuring open and nondiscriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations,
8. Ensuring universal provision of and access to public telecommunications services,
9. Promoting diversity of content, including cultural and linguistic diversity,
10. Ensuring the protection of intellectual property rights, privacy and data security.

Joint Statement

A meeting of APEC ministers responsible for telecommunications and information industry was convened in Seoul on 29-30 May, 1995. Delegates from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America participated in the meeting. The executive director of the APEC Secretariat was present at the meeting. The Pacific Economic Cooperation Council (PECC) attended as an observer. The meeting was an initiative proposed by H.E. President Kim Yong-sam of the Republic of Korea and agreed at the APEC economic leaders meeting in Bogor, Indonesia in November 1994.

H.E. President Kim Yong-sam of the Republic of Korea welcomed ministers to the APEC ministerial meeting on telecommunications and information industry. President Kim Yong-sam noted the advent of the Pacific century and the crucial importance of telecommunications and information industry in the economic development of APEC member economies. Recognizing the critical role of telecommunications and information infrastructures in achieving the goal of liberalizing trade and investment by industrial economies by no later than the year 2010, and developing economies by no later than the year 2020, as agreed in the Bogor APEC economic leaders' declaration of common resolve, President Kim Yong-sam urged the ministers to take a full responsibility in advancing an Asia Pacific Information Infrastructure (APII) initiative and establish the APII.

The meeting was chaired by Dr. Kyong Sang-hyon, minister of information and communication, the Republic of Korea.

Ministers discussed the development of the APII and the APEC economic leaders' declaration of common resolve. In response to a growing necessity to enhance an APEC wide information infrastructure, ministers adopted the Seoul declaration for the Asia Pacific Information Infrastructure. Ministers expressed the view that the Seoul declaration constitutes a significant step forward for the development of the APII and toward the realization of the 21st century information society. The Seoul declaration sets out the five objectives and ten core principles of the APII. The Seoul declaration is a resolve to strengthen cooperation at every level for the APII in an effective and balanced manner for regional and global prosperity.

Ministers agreed to endeavour to make the telecommunications and information sector a "model" sector in achieving the goals set by the APEC economic leaders at Bogor — strengthening the open multilateral trading system, enhancing trade and investment liberalisation and facilitation in the Asia Pacific, intensifying Asia Pacific development cooperation and improving the information infrastructure.

Ministers said that they would cooperate in promoting the development of member economies' domestic information infrastructure, the APII and the APEC economic leaders objectives in the following areas;

Technology

— Technical cooperation, such as joint research, and technology transfer
— Promotion of international standards

b.Telecommunications network

— Modernization of telecommunications infrastructure
— Development of domestic and global markets for networks, services and application
— Pilot projects on administrative information network
— Collaborative pilot projects
— Promotion of interconnectivity and interoperability

c. Content/information and application

— Promotion of EDI (electronic data interchange)
— Joint development of database
— Test-bed interconnection and information sharing
— Social and societal implications of the information society
— Initiatives to make government public information more widely available via electronic means

d. Human resources development

— Development of training and educational program
— Exchange of human resources

e. Policy and regulation

— Policy dialogues on the information infrastructure between developed and developing member economies
— Policy and regulatory measures to further liberalization
— Removal of technical and administrative barriers to market access
— Measures aimed at promoting small and medium scale enterprises

Action Plan

Ministers noted that the action plan is an important contribution to the action agenda to be co rect the APEC telecommunications working group to develop plans according to the 10 APII principles to improve the information infrastructure with the aim of facilitating effective cooperation, free trade and investment and sustainable development of the region.

2. Ministers direct the APEC telecommunications working group to develop and implement plans for the telecommunications information sector to achieve the Bogor objectives of trade and investment liberalization, trade and investment facilitation and development cooperation, and the principles agreed by ministers by

— Firstly, defining the commitments necessary to achieve free and open trade and investment in this sector by the 2010/2020 Bogor timeframe,
— Coordinating the steps and milestones with target dates defined by each economy; and
— Identifying areas where collective commitments can be made by consensus.

3. Ministers direct the APEC telecommunications working group to develop human resource capabilities to improve strategic planning and analysis of APII implementation including technology evaluation, demand forecasting and regulatory reform for the APII.

4. To intensify cooperation and reduce gaps between developed and developing economies within the region, ministers

— Endorse the ongoing work of the telecommunications working group on human resources development, and
— Call upon the telecommunications working group to consider further proposals to develop cooperation through appropriate mechanisms, such as
holding fora/seminars in, for example, the areas of information exchange, human resource development, and
encouraging the support of international financial institutions for business/private sector participation and investment in the development of information infrastructure in member economies.

5. Ministers endorse the work to date and request the APEC telecommunications working group to expedite its work on the following matters:

— Conformance with the APEC guidelines for trade in international value-added network service (IVANS)
— Conformance with the APEC guidelines for harmonization of equipment certification
— Establishment of, and conformance with, a framework for the development of mutual recognition arrangements on conformance assessment

6. Ministers request the APEC telecommunications working group to examine ways to increase cooperation between APEC and existing international institutions and programs, so as to actively promote the APII and reduce duplications of efforts, in areas including standards and existing technology cooperation projects.Such cooperative activities could take place with

(a) International financial institutions such as the Asian Development Bank, the World Bank, and the Inter-American Development Bank, in regard to technology projects,

(b) APT (the Asia-Pacific Telecommunity), ITU (the International Telecommunication Union), OECD (the Organization for Economic Cooperation and Development), WTO (the World Trade Organization) and G-7 (Group of Seven) joint pilot projects, such as cooperation on test-bed interconnection, information sharing, broadband trials, health and education project in the telecommunications working group

7. Ministers direct the APEC telecommunication working group to vigorously pursue its work in identifying APII pilot and cooperative projects.Ministers agreed to hold a second ministerial meeting on telecommunications and information industry to review progress in the implementation of the action plan. Ministers welcomed the offer by Australia to host the second APEC ministerial meeting on telecommunications and information industry in Australia.

Singapore To Join WTO Telecom Negotiating Group

BK2905140195 Singapore Radio Corporation of Singapore in English 1300 GMT 29 May 95

[FBIS Transcribed Text] Singapore has decided to be a full member of the World Trade Organization [WTO] Negotiating Group on Basic Telecommunications, NGBT. This follows the Republic's current participation in NGBT meetings as an observer. As a full member of the negotiating group, Singapore will be able to take on an active role in negotiations for the liberalization of basic telecommunications to be adopted by WTO member countries.

Communications Minister Mah Bow Tan announced this at a two-day APEC [Asia-Pacific Economic Cooperation] ministerial meeting on the telecommunications and information industry in Seoul. In his address, Mr. Mah said Singapore supported the creation of an Asia-Pacific Information Infrastructure, APII. He said the creation of such an electronic highway will enhance trade, facilitate information transfer, and deepen ties within APEC. But Mr. Mah said the APII will only be able to enhance trade within the region if it is able to link up with various individual national information infrastructures.

ARF To Raise Spratlys Issue With PRC

BK2605050095 Quezon City Radio Filipinas in English 0230 GMT 26 May 95

[FBIS Transcribed Text] The Philippines and other ASEAN members will raise the Spratlys issue with China during the ASEAN Regional Forum or ARF in Brunei this July, despite strong objections from Beijing in the just-concluded ASEAN Senior Officials' Meeting in Bandar Sri Begawan. This was announced by Philippine Foreign Undersecretary Rodolfo Severino. Severino said foreign participants should talk about the maintenance of peace and stability through regional cooperation. Severino, head of the Philippine delegation for the 20-24 May ASEAN Senior Officers' Meeting in Brunei, stressed however that the ASEAN Regional Forum is not a place to be contentious about the Spratlys issue or any regional dispute. He said the ASEAN Regional Forum is only a forum for discussion of security issues in East Asia and the Pacific, among ASEAN members, their seven dialogue partners, two consultative partners and the ASEAN observers.

EAGA Countries Agree To Ease Trade Rules

BK2905062195 Manila BUSINESS WORLD in English 25 May 95 p 9

[FBIS Transcribed Text] Leaders from the four-member country East Association of Southeast Asian Nations (ASEAN) Growth Area (EAGA) recently agreed to encourage and support moves to ease cross-border regulations and to accord preferential treatment within the area to boost the construction sector, the Department of Trade and Industry said in a statement.

The agreements were reached at the first EAGA working group meeting on construction and construction materials at Puerto Princesa, Palawan. The 133 delegates were grouped into three workshops to discuss the construction industry's concerns: production, marketing and finance, policies and institutional structures. EAGA is a subregional economic grouping composed of provinces in Indonesia, Malaysia, the Philippines, and Brunei.

The agreements were signed in a joint statement of mission and commitment by the heads of delegation. The other measures were on productivity and human resource development and other joint ventures through the build-operate-transfer scheme.

The 33 private contractors and government officials who attended the workshops on policies and institutional structures agreed that the elimination or reduction of tariffs and easing up of cross-border policies will enhance the trade of construction goods and services within and beyond the growth area.

Country reports on existing requirements will initially be developed within half a year, in time for the second working group meeting. The delegates also agreed on the need for preferential treatment within the region to address competition from non-EAGA countries.

The establishment of a strong information network was also identified as a primary requirement to keep abreast of trends. Each member state named their anchor organization to provide the data for the networking: Brunei — Ministry of Development, Indonesia — Ministry of Public Works, Malaysia — Construction Industry Development Board, and the Philippines — Construction Industry Association of the Philippines.

An umbrella organization on construction-related industries will be formed to foster closer cooperation among member states. Indonesia will draft the guidelines for its formation, also within the six-month period.

Business-matching activities, training and seminars, regular working group meetings, feasibility studies, and joint plans on major areas of concern will also be developed for the sector.

Alliance To Build Up Asian Infrastructure

BK3105083495 Bangkok BUSINESS DAY in English 31 May 95 p 1

[Report by Kristen A. Bole, staff writer]

[FBIS Transcribed Text] Multinational members of both public and private sectors from various countries took the first concrete steps yesterday to meet Asia's infrastructure needs over the next decade.

A consortium of 21 governments, ten private corporations and eight multilateral agencies formed the Asia Infrastructure Development Alliance (Aida) in a Bangkok meeting, producing a draft declaration and elections to its board.

Their co-operation comes at a time of increasing privatization projects in water, power and telecommunications, and an urgent need for large amounts of cash.

The UN Economic and Social Commission for Asia and the Pacific (Escap) estimates the region will need $1.5 trillion in additional funds to complete its planned infrastructure projects until 2000, for which only a third have confirmed sources of funding. Aida organizers say the figure is $2.5 trillion, half of which will be required for transportation projects.

Andrew Way, managing director of the Development Forum Administrators, which created Aida's parent World Infrastructure Forum, said the group will co-ordinate networks between governments and the private sector, and provide research, project guidelines and training.

So far, the governments of India and Indonesia have both agreed to start alliances with the private sector this year. The logistics of a number of projects will be finalized at Aida's first steering committee meeting in September.

They will most likely fall in the realm of transportation, power and telecommunications, said the elected chair from the United Nations, Dr M Rahmatullah.

"The critical point that distinguishes Aida is that it's a forum involving all three parties," said John Trew, director of North West Water International, a co-chair representing the private sector. "Previously, the level of contact was only on specific projects, so the debate was limited to that project."

Aida will help governments to better understand how the private sector can help alleviate the development burden of Asian countries, he added.

ASEAN Group Proposes Fishing Cooperation

BK2505105095 Kuala Lumpur BERITA HARIAN in Malay 25 May 95 p 4

[FBIS Translated Text] Miri, Wednesday [24 May] — The ASEAN Fishermen Federation (AFF) plans to pursue cooperation in fishing in disputed overlapping waters, including the waters around the Spratly Islands.

Idrus Othman, vice president of the federation, said his officials plan to sign a memorandum of understanding (MOU) if the proposal gains ministerial-level approval, particularly for the East Asia Growth Area (EAGA).

He said the proposal was among those submitted by private sector representatives during the second meeting held here by the working groups on fishing from Brunei, Indonesia, Malaysia, and the Philippines (BIMP EAGA).

Speaking at a joint news conference after the meeting yesterday, he said: "I am confident that the respective governments of the ASEAN countries will support this proposal. We feel that the political issue concerning claims to overlapping territories should be separate from the issue of fishing activities.

"The rationale is that we in ASEAN want to display our goodwill and prove that we can work together, particularly in the fishing sector.

"Vietnam can be included in this cooperation if the country is officially accepted as an ASEAN member."

Idrus, leader of the Malaysian private sector delegation to the meeting, expressed confidence that the proposal will receive support from the governments of the ASEAN member countries so as to benefit from the wealth of regional maritime resources.

Idrus also wants those involved in the fishing industry in the ASEAN countries to become AFF members in an effort to enhance the federation's stand in promoting the interests of the ASEAN fishing community.

He said: "If the ASEAN fishing community stands united, we will definitely have bargaining power and we will not be easily manipulated by the purchasing nations of the West. Also, with a solitary and united voice, we can collaborate and determine standardized prices of maritime commodities such as fish and shrimp.

He said: "The concept is that if a country does not make a purchase from an ASEAN country, it will not make any purchase at all. In addition, the AFF's strength could also influence the ASEAN ministers to implement this endeavor in the interest of the ASEAN fishing community."

He said the AFF also proposed that a dialogue be held with purchasers and importers from Japan, Europe, and the United States regarding prices, mode of transaction, and quality control.

Japan

Clinton, Murayama Talks Unlikely Before Summit

OW3105024595 Tokyo KYODO in English
0224 GMT 31 May 95

[FBIS Transcribed Text] Washington, May 30 KYODO — U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama are unlikely to meet before the June 15-17 Group of Seven (G-7) summit in Halifax, Canada, Japanese and U.S. sources said Tuesday [30 May].

The top bilateral meeting will likely be set for June 17 after the completion of all summit events, the sources close to the annual G-7 summit said.

One of the sources attributed the later-than-expected meeting to "difficulties in adjusting schedules" chiefly on Clinton who is to arrive in Halifax on June 15 shortly before the summit begins due to a meeting with his French counterpart in Washington on June 14.

However, given that a U.S.-Japanese top meeting has been customarily held before the summit to prepare and reaffirm partnerships at the G-7 gathering, the move apparently reflects political tactics between Tokyo trying to highlight the auto trade dispute and U.S. unilateral actions and Washington wishing to play them down.

As indicated recently by government officials in Tokyo, the Japanese side had been strongly calling for the presummit Murayama- Clinton meeting June 15.

That date notably falls on the 30-day deadline for Japan and the United States to begin consultations under a complaint Tokyo filed with the newly established World Trade Organization (WTO) to seek multilateral verdict on proposed U.S. unilateral sanctions worth 5.9 billion dollars with 100 percent tariffs on 13 Japanese luxury cars.

On the other hand, U.S. Trade Representative Mickey Kantor proposed last Friday holding the consultations June 20 and 21 in Washington after the summit.

MOFA Official: Delay Unlikely

OW3105110195 Tokyo KYODO in English
1055 GMT 31 May 95

[FBIS Transcribed Text] Tokyo, May 31 KYODO — Prime Minister Tomiichi Murayama and President Bill Clinton will likely hold a Japan-U.S. summit before a major multilateral summit next month, a top Japanese official said Wednesday [31 May], denying reports of a delay.

The Ministry of Foreign Affairs [MOFA] official said he does not think the bilateral meeting will be delayed until after the June 15-17 summit of the Group of Seven (G-7) industrial powers in Halifax, Canada, adding that Japan has made no arrangements for a later meeting.

Japan is calling for a June 15 Murayama-Clinton meeting, Japanese officials say, but sources from both sides said Tuesday in Washington the bilateral meeting will likely follow the G-7 summit.

The timing issue reflects a tug-of-war as Japan seeks to highlight an acrimonious Japan-U.S. auto trade dispute, while the United States wants to tone it down, the sources said.

June 15 is the deadline for Washington and Tokyo to start talks on a Japanese trade complaint to the World Trade Organization (WTO). Japan wants earlier auto talks, while the U.S. has proposed a delay until June 20.

Whether Murayama and Clinton discuss cars when they meet one-on- one is undecided, the top Foreign Ministry official said, noting that it remains unclear what will happen at the WTO in the meantime.

He said the G-7 leaders, who also represent Britain, Canada, France, Germany and Italy, will likely not take up the Japanese contention that the U.S. is violating WTO rules with its threatened sanctions on 5.9 billion dollars worth of Japanese luxury cars.

The G-7 may discuss foreign exchange rates, he said, but they will be careful what they say publicly for fear of moving the market.

Kuriyama Rejects U.S. Call for Delay

OW3105015995 Tokyo KYODO in English
0138 GMT 31 May 95

[FBIS Transcribed Text] Washington, May 30 KYODO — Japanese Ambassador to Washington Takakazu Kuriyama on Tuesday [30 May] rebuffed a U.S. proposal for postponing talks on the auto trade dispute under the World Trade Organization (WTO) to avoid disturbing the June 15-17 Group of Seven summit in Halifax, Canada.

"Japan has requested WTO consultations to discuss under international trade rules to avoid politicizing the auto trade dispute," Kuriyama told reporters in renewing Japan's call for quick talks under the new world trade watchdog.

Last Friday, U.S. Trade Representative Mickey Kantor proposed starting the talks June 20 and 21 in Washington, saying that auto talks would not be appropriate as part of the bilateral agenda at a meeting between U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama during the Halifax summit.

Also referring to the planned Clinton-Murayama talks, Kuriyama confirmed he and U.S. Secretary of State Warren Christopher agreed last Friday that this "is not a place to negotiate on the auto trade issue."

Japan filed a complaint with the WTO to seek a multilateral referee soon after May 16 when Washington issued a preliminary sanctions list worth 5.9 billion dollars with 100 percent tariffs on 13 Japanese luxury cars.

Hashimoto Sends Letter on Auto Talks to Kantor

OW3105000595 Tokyo KYODO in English 2350 GMT 30 May 95

[FBIS Transcribed Text] Geneva, May 30 KYODO — Japanese Trade Minister Ryutaro Hashimoto's letter to U.S. Trade Representative [USTR] Mickey Kantor asking for early auto talks was sent Tuesday [30 May] night to the office in Geneva of the USTR, Japanese officials said.

The letter was sent by Japan's permanent mission to the international organizations in Geneva.

In the letter, which is a reply to the one sent by Kantor to Hashimoto last Friday, Hashimoto calls for Kantor to respond "this week" to Japan's request for urgent trade talks on autos and auto parts under the auspices of the World Trade Organization (WTO).

Kantor proposed Friday that talks be held on June 20-21 in Washington.

Hashimoto implied in the letter that if the talks are not held before June 15, Japan could seek a resolution by a WTO dispute settlement panel.

Prospects for Auto Discussions at Summit Viewed

Kono: Auto Talks Unlikely

OW3105083295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 May 95 Evening Edition p 1

[FBIS Translated Text] Yohei Kono, deputy prime minister and concurrently foreign minister, was present at a session of the House of Councillors' Foreign Affairs Committee held on the morning of 30 May. At the session Kono said he did not think the unresolved auto and auto parts issue between Japan and the U.S. would be raised for discussion at the industrialized nations summit talks (Halifax summit) in mid-June, or at the Japan-U.S. summit talks to be held later.

Kono said agenda items at summit talks were normally global issues and that bilateral issues would probably not be brought up for discussion. He added that it would be best not to handle the auto and auto parts dispute as a political issue, but to work out a reasonable solution based on World Trade Organization (WTO) rules.

For those reasons, he said, the government did not currently plan to deal with the auto and auto parts issue at the Japan-U.S. summit talks.

Kono made the remarks in reply to a question from Daizo Nozawa (of the Liberal Democratic Party).

Hashimoto: Autos 'Inevitable' Issue

OW3105081895 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 May 95 Evening Edition p 1

[FBIS Translated Text] At a 30 May news conference after a cabinet meeting, Ryutaro Hashimoto, minister of international trade and industry, commented on the forthcoming Japan-U.S. summit talks during the meeting of the G-7 major industrialized nations (Halifax summit). He said: "European nations have great interest in the auto issue."

Hashimoto indicated it is inevitable that the issue will become a topic at the Japan-U.S. summit talks, saying: "I think it will be quite difficult (for Japan and the United States to avoid discussing the issue)."

U.S. Secretary of State Warren Christopher proposed during the last weekend meeting with Takakazu Kuriyama, Japanese ambassador to the United States, that the auto issue not be raised at the Japan-U.S. summit meeting.

Watanabe Criticizes Hashimoto on Auto Talks

OW2605140695 Tokyo MAINICHI SHIMBUN in Japanese 24 May 95 Morning Edition p 2

[FBIS Translated Excerpt] Michio Watanabe, former deputy prime minister and foreign minister, held talks with visiting former British Prime Minister Margaret Thatcher at a Tokyo hotel on 24 May. During the meeting, he criticized the way of negotiations on the Japan-U.S. auto issue by Ministry of International Trade and Industry [MITI] officials and MITI Minister Ryutaro Hashimoto. He said: "Quarreling is not the only way of negotiating."

While stating that "the government claim is right in its own way," Watanabe added: "They have to try to keep the Japan-U.S. relationship in a favorable state," and "they need to come up with concrete measures to reduce the U.S. current account deficit with Japan." [passage omitted]

Auto Parts Makers Expanding Capital Investment

OW2605141195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 May 95 Morning Edition p 13

[FBIS Translated Text] The auto parts manufacturers have started to expand their capital investment.

Unisia Jecs Corporation will increase its investment in FY95 by around 30 percent over that of last year. Nippondenso Company, Ltd. will also implement an increase of 19 percent (over the figure for FY94, except for the three-month transition period arising from a change in accounting year), while Kayaba Industry Company, Ltd. plans an increase of more than 40 percent. Investments of each of these companies will mainly be domestic, and this will be the first time in four or five years that investments will exceed that of the previous year.

Behind such a move is a recovery in demand for automobiles. Furthermore, these investments are also aimed at rationalization efforts to improve international competitiveness amid uncertain prospects of profitability due to rapid appreciation of the yen and the breakdown of the Japan-U.S. auto talks.

The investment program of Unisia Jecs, which belongs to the Nissan Group, for FY95 involves 10 billion yen. Aside from investments in rationalization efforts, investments on production lines to produce parts which used to be subcontracted to outside makers will increase by around 100 percent compared to the previous year. This will be the first time in five years that Unisia Jecs is increasing capital investment.

Another Nissan-affiliated leading resin parts maker, Kansei Corporation also plans to increase investments by 3.6 billion yen, or 30 percent from the previous fiscal year.

The reason why the parts makers are all expanding capital investment is that due to yen appreciation and the Japan-U.S. automobile friction, there is an urgent need to further improve international competitiveness. All makers intend to cut production cost by 30 percent in the next three years, and there is an increase in projects to reduce labor input or change designs.

Depending on the future trend of yen appreciation, there is strong possibility of a major increase in imports of parts from overseas. Some companies are even thinking of giving up exports in view of the possibility of local manufacturers taking over their share in foreign markets.

'Calm' Reaction to Auto Dispute Advised

OW2605145295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 May 95 Morning Edition p 9

[By Yoji Koike, NIHON KEIZAI SHIMBUN Washington bureau chief]

[FBIS Translated Text] "Japan-U.S. Trade War," "Car Wars," and "Getting Into Danger Zone." Such headlines have become conspicuous in both Japanese and U.S. newspapers since the breakdown of bilateral auto negotiations. But do not be intimidated by these words. What is most important is to remain calm and not to overreact.

On 10 May, Mickey Kantor, U.S. trade representative (USTR), revealed "a double-barreled offensive" that would impose sanctions on Japan while filing a formal complaint with the World Trade Organization [WTO]. On the following day, Joseph Nye, U.S. assistant secretary of defense, said in a speech in New York: "The tactic (to link trade and security) may work in the short term. But it will result in Japan's altering its long-term strategy so that it can be free from U.S. pressure. Pursuing immediate results could endanger overall Japan-U.S. relations."

What Nye referred to as a "tactic" is the U.S. stance on obtaining trade concessions from Japan while hinting at an impact of the auto dispute on the bilateral security alliance. To be "free from U.S. pressure" clearly indicates his view that Japan will search for ways to buildup its military power to counter a U.S. threat.

"There is a sign of spillover" (meaning trade issues have become mixed up with the rest of the relations, particularly U.S. security guarantees for Japan). "We should link trade and security." These are the opinions found within the Clinton administration. Generally speaking, it is matter of course that economics and security are interrelated. However, when a nation brings up the security relationship to get what it wants in economic negotiations, it is a different story.

Recently, Jeffrey Garten, U.S. undersecretary of commerce, said: "There is no precedent in history for strong security ties in the face of a highly unbalanced economic and commercial relationship." We cannot regard his remarks as general opinion. More directly, U.S. columnist Thomas Freedman wrote somewhere: "The United States is the biggest market for Japan and the provider of Japan's security umbrella. We should use these facts to get trade profits."

When considering the instability of Asia, anyone can understand the significance of Japan-U.S. security cooperation. However, Washington is developing an irrational attitude.

James Prizhap [name as transliterated], the Asian bureau chief of the Heritage Foundation, a conservative U.S. think tank, warned of the consequences of Japan's winning at the WTO: "It will cause political turmoil by raising in Congress the issue of the U.S.-Japan security alliance." A former U.S. official noted: "Rather than taking responsibility for inhibiting such a move, the Clinton administration wants to join in."

While Washington seems to be getting a bit emotional, it is obvious that Japan is also losing its temper. Some people suggested that "Japan should break up with the United States to join Asia." It may have something to do with recent Japanese sentiments about the United States. A Japanese minister once said: "The United States is trying to exploit the Japanese as slaves." I must admit that there is a certain climate in Japan which would allow such an improper remarks.

Being emotional is unproductive; it is dangerous. What is especially important for Japan is to understand the diversity of opinion in the United States. It will be entirely wrong if we think the United States is acting in perfect union to impose sanctions on Japan. The truth is, there is a large gap not only between the administration and Congress but also "Washington" and "the United States."

Opinions are even divided among Clinton's supporters. THE NEW YORK TIMES, in its 18 May editorial, warned the U.S. public: "The Clinton strategy is short-sighted. If the United States ignores its fair trade obligations, other counties will surely follow." Michael Mochizuki [name as transliterated], chief researcher of the Brookings Institute, pointed out that Clinton's trade policy "has already failed." He added: "It is ironic and tragic that the United States put itself into a position where it will be criticized as an advocator of managed trade."

Once Japan understands the diversity of U.S. opinion, what we should do is clear: Actively explain Japan's stance to obtain U.S. understanding. It is largely a question of the government's public relations strategy. Looking back at Japan's past public relations activities with the United States, it is hard to say that both the government and the private sector did a good job. Even politicians' visits to the U.S. are considered nothing more than a political ritual.

If Japan wants to let U.S. citizens know something, why not make good use of news conferences and interviews through the U.S. media? On 11 May, the Japan Automobile Manufacturers Association placed a full-page advertisement in THE WASHINGTON POST to criticize U.S. administration's "managed trade." But as far as Americans are concerned, the message hardly reached hearts of U.S. consumers and lawmakers. Some even wondered: "To whom are they sending a message?"

Most Americans have no interest in Washington's "trade war." This is a nation whose people — most of them — do not even know the name of our prime minister. That is why we need to explain. If we could get our ideas across to the United States, they will have an impact on its policies toward Japan. If we do not, there is a possibility that Washington's attitude may prevail all over the United States, eventually making ordinary Americans hold it against us. Instead of reacting strongly to "100-percent punitive tariffs," it would be wise for Japan to take a closer look at this nation and formulate effective measures to make American people understand what we truly think of the ongoing trade war.

Rio Group Said To Oppose U.S. Trade Sanctions

OW3005145395 Tokyo KYODO in English 1429 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Latin American countries disapprove moves by the United States to impose unilateral trade sanctions against Japan over the auto and auto parts dispute, the Rio Group "Troika" countries said Tuesday [30 May].

Foreign ministers from the Rio Group countries of Ecuador, Brazil and Bolivia made the remarks in a meeting with Foreign Minister Yohei Kono at the Iikura Guest House, Foreign Ministry officials said.

The three foreign ministers told Kono that Latin American countries support Japan's position of seeking a solution to its auto dispute with the U.S. through the World Trade Organization (WTO), the officials said.

The U.S. stance of imposing unilateral sanctions is against the WTO's spirit, they were quoted as saying.

They also said a successful solution to the problem at the WTO would be an important contribution to the future of the WTO's dispute-solving and prevention mechanisms.

Ecuador's Foreign Minister Galo Leoro Franco, who serves as the chair of the Rio Group, Brazilian Foreign Minister Luiz Felipe Palmeria Lampreia, the former chair, and Bolivian Foreign Minister Antonio Aranibar Quiroga, the next chair, attended the hourlong meeting followed by a 90-minute dinner.

Turning to relations between the Rio Group and Japan, the two sides agreed to hold the first high-level economic meeting in Tokyo in November to discuss such problems as Latin America's access to Japanese markets and Japanese investment in Latin America, the officials said.

The Rio Group foreign ministers also handed Kono the group's draft resolution calling for international systems to regulate speculative short-term money, which triggered a recent Mexican financial crisis, and urged him to take up the topic at the upcoming summit meeting of Group of Seven (G-7) economic powers in July in Halifax, Canada, the officials said.

They asked Kono to study the resolution and also to hand it to Prime Minister Tomiichi Murayama. Kono promised to do both.

Also during the talks, Ecuador and Bolivia expressed their wish to join the Asia-Pacific Economic Cooperation (APEC) forum in the future, the officials said.

Kono told the foreign ministers that APEC has a three-year moratorium on new memberships and that he believes discussions on new memberships after the moratorium will begin at the forum's Philippines meeting in November 1996, they said.

Japan has been holding foreign ministerial meetings with the Rio Group every year since 1989. It has been holding annual talks with the Rio Group Troika countries since 1993.

The previous meeting was held in Brazil in August last year.

Panelists Debate Economy, Trade in New Era

OW3005110295 Tokyo GAIKO FORUM in Japanese Apr 95 pp 48-57

[Panel discussion by Yoshiro Kuwata, head of International Business Department and managing director of Hitachi, Ltd.; Tamotsu Takase, professor of law at Tokai University; and Koichi Haraguchi, director general of the Foreign Ministry Economic Affairs Bureau, on 1 March; moderated by Akitaka Saiki, chief of the Second International Organizations Division, Economic Affairs Bureau; place not given]

[FBIS Translated Text] [Saiki] After some eight years, the Uruguay Round of negotiations has finally come to a conclusion, and the WTO (World Trade Organization) was set into motion on 1 January this year. Based on these facts, I believe there are four questions we need to consider. The first is, what will really come of the Uruguay Round talks? Second, how will talks proceed in areas not covered by the Uruguay Round, notably, certain aspects of the service industry such as basic electronic communications, relocation of people, financing, and maritime transport? Third, what will be the post-Uruguay Round era issues? There are several issues, to include market competition policies, investment, labor standards, and the environment. In these new areas, what are the implications of establishing multilateral regulations under the WTO? Finally, if a new round of talks is convened, are the objective preparations, like political and economic conditions, fully established in all countries? The first WTO cabinet meeting is scheduled for the end of 1996 in Singapore. I would like this discussion to proceed with this next round in mind.

What Has Changed Since the Uruguay Round?

[Haraguchi] Speaking in terms of real change, there have been major and continuing changes since negotiations first commenced through today. I believe those changes have affected some of the post-Uruguay Round era issues that we are about to discuss.

First, I believe that the recent explosive growth in international economic exchange, including services, money, and people, is an important change. For example, the volume of international trade, which amounted to $580 billion in 1970, grew to $3.84 trillion in 10 years, and then to $7.53 trillion in 1992. Direct investment also grew rapidly: what was $12.1 billion in 1970, became $55 billion in 1980, and $238 billion in 1990.

Second is progress in liberalization. The repeated multilateral trade negotiations have at least succeeded in significantly lowering tariff rates. In my opinion, this point will also have a lot to do with the post-Uruguay Round era.

Third, I think the fact that the Cold War is over is highly relevant. From the point of view of economics, the way the Cold War ended confirmed the superiority of market economies. Thus, former socialist nations, nations with planned economies, are now more and more inclined to adopt free market economy methods, letting the "hands of the gods" manage the economy as much as feasible. If the number of such nations increase, the [world] economy will inevitably move toward borderless globalization.

Recently, it is often said that East Asia is the world economy's powerhouse. Some developing nations have been doing quite well in recent days, and are emerging as a new factor in the world economy. I think the advanced nations' expanded investments in developing nations, combined with the developing nations' liberalization efforts, is what is driving this rapid economic growth.

[Takase] GATT rules were criticized for not being universal enough, probably because they were based on free market economies. However, all nations of the world, the single exception being North Korea

(Democratic People's Republic of Korea), now have or are becoming free market economies, and it can be said that GATT has, in effect, become a universal institution as well as a global trade institution. The negotiations' actual results are not apparent because the negotiations have just concluded. At this stage, however, we can take a look at what has changed.

Until today, GATT had included many standing traditions and was not wholly integrated, making it difficult for outsiders to understand. It was implemented by patching together a variety of decisions and adding rules. Yet, the lack of legal coherence did not affect implementation. Any attempt to give the body legal coherence met with difficulty in putting negotiations together. With the WTO's establishment, however, GATT legally became intelligible, and easy for even outsiders to understand.

In a way, tariff concessions are an abandonment of the right to freely implement tariff barriers. Similarly, with the expansion of WTO rules, international cooperation has in effect limited individual nations' sovereignty. What I felt during the Uruguay Round negotiations was that those nations that stress state sovereignty were more or less the same ones that failed to keep up with economic globalization. I believe that such nations need to recognize the fact that state sovereignty must be limited if international rules are to be observed on an encompassing scale.

[Kuwata] For us in the industrial arena, we are looking forward to the change from bilateral discussions to multilateral liberalization. In hindsight, the eight long years of negotiations concluded in good order, with good timing. I say this because, from the viewpoint of globalization, Japan can no longer continue to only produce things domestically due to the foreign exchange situation and the changes in the world. It must extend outward. The economic trend toward the soft [service] sectors has brought us to the point where we must inevitably adapt to a borderless economy, including making direct investments into service fields. Further, there is the shrinking gap between North and South. Asia's rise has been remarkable. We used to make various distinctions between North and South; more recently, it has become harder to tell exactly which nations are part of the North and which are part of the South.

The collapse of the socialist nations and their concurrent shift toward market economies came on top of these changes, while moves to form whole market blocs, such as NAFTA (North American Free Trade Agreement) and the EU (European Union), became cause for concern. The fact that the Uruguay Round negotiations were concluded at this time gives us hope that the tenets of free trade will be upheld and that things will go well in the future.

[Takase] The truth is, people were wondering if the Uruguay Round negotiations would ever end. There were quite natural apprehensions about what would become of the world economic order if the Uruguay Round suddenly snagged just near conclusion. I believe it was a major accomplishment that all obstacles were overcome.

In that sense, I feel that it was very good that Japan played major roles at important times, such as when Prime Minister Kiichi Miyazawa laid the foundations for agreements to negotiate and Prime Minister Morihiro Hosokawa, with his progressive views on promoting agriculture, making the decision at the end to accept the compromise proposal. Had Japan held back in these situations, it would have weakened the trade structure in which markets and resources can be accessed freely and indiscriminately under GATT, which had been the Japanese economy's foundation. That would have been suicidal.

[Kuwata] That feels so true.

What About Negotiations in the Service Fields? Use Conflict Resolution Procedures

[Saiki] Under the WTO structure, a very comprehensive set of rules has been established for products and services, and although limited to "trade-related" matters, the rules also encompass investments and intellectual property rights. However, there are areas that the Uruguay Round discussions failed to cover, or which were placed outside the discussions' coverage. Subjects concerning the services industry, such as basic electronic communications, financing, and maritime transport, are real issues at the core of any nation. Thus, even if time limits are set for these negotiations, and talks are held to reach a compromise, there will still be difficult points. What are your views on how things will proceed?

[Haraguchi] When something new is being brought into the real world, it can only be done one step at a time. Even GATT, which deals exclusively with the trade of material goods, went through this. Service trade is likely to go through the same process. Therefore, although I am not necessarily confident of how much can be accomplished, for example, if regional unifications are achieved in various areas of the world, there will need to be standardized rules defining such matters as country of origin. Something appropriate must be developed soon.

The other point that I feel important is, now that it has been established, how to effectively implement the

WTO in the real world. It does no good to create a Buddha figure but give it no soul.

For example, in the Uruguay Round, I am more concerned with the proposed measures for conflict resolution. The old conflict resolution procedure was like this: when a problem occurred, the country that has a complaint submits it to member nations, after which a panel examined the issues. Then, a report was made. The report must be endorsed by a unanimous vote, including the vote of the nation against which the complaint was filed. Realistically, it is inconceivable that the defendant nation would vote in favor of a decision that is to its disadvantage. In that sense, in reality, this procedure did not function the way it was supposed to. Based on an examination of these problems, [in the new system], the panel report will now be adopted unless everyone votes against it. Unilateral sanctions are also expressly prohibited.

The international community is gradually moving toward partial voluntary abandonment of state sovereignty and the establishment of internationally encompassing rules. Nevertheless, there are times when the major powers ultimately take advantage of their strength. In the international economic arena, it is possible for the major economic powers to use tangible and intangible pressures to get their point across. Thus, although rules have been established, there still lies the problem of if things will work according to the rules. Now that the rule has been established, in the event a large nation does not observe the rules and interferes with the rights of other nations, even a small country may actively bring such a case to the new conflict resolution system.

[Takase] In that respect, what I would like most to see is for Japan to support the conflict resolution process. There is a strong feeling that Japan is always holding back, that it is not that interested in seeing the rules observed. However, it is observing the system of rules that directly supports the WTO. However, Japan's fundamental problem is that it always seeks realistic solutions and is not very good at observing the process of the law.

It is said that the GATT conflict resolution system used little money, had no full-time judges, and yet solved more cases than the International Court of Justice. In the International Court of Justice, both parties involved must acknowledge the court's jurisdiction before the trial can be held. However, in GATT's case, all treaty nations are under its jurisdiction and therefore subject to trial. Under the new conflict resolution process, one rehearing is permitted. Retrials are limited to points of legal arbitration, and [the parties involved] must accept the panel's factual findings. They must also wholly accept the outcome of the retrial of legal issues. The process is thus automatic and forceful. However, on the other hand, the retaliatory measures that had been difficult to take due to difficulty in finding the appropriate targets and in getting the (treaty) member states to agree to, has now been facilitated by the cross retaliation (retaliation between different sections) provisions. I feel that caution must be used when putting this in effect, so that things do not go too far.

[Saiki] However, to actually utilize the conflict resolution mechanism, the problem becomes, who is going to take care of all the clerical work involved? I worry that people will think twice [about using the system] because it would cause a significant increase in the amount of office work for government agencies.

[Takase] I think the faculty for multilateral negotiation is one of the things that ought to be strengthened now that the WTO has been established. Japanese Government agencies appear to be weak in developing experts who stay in the same post for any length of time. Something as complex as conflict resolution often requires a highly experienced person.

[Kuwata] The problem of pressures from the major powers that Mr. Haraguchi brought up earlier is a matter that very much concerns us. For example, when the WTO was established, there remained vague points in the review standards and the prevention of evasion. To a certain extent, NAFTA and other organizations had already established rules pertaining to the country of origin. The concern over how many of these rules can be legally incorporated within the WTO agreement is part of the remaining problem. Ensuring that the major powers' egotism does not come out when discussing these problems, and looking for ways to be basically fair I think are very difficult issues. To overcome these issues, I feel it is essential to have a mechanism that would make sure the procedure remains open and clearly visible. If no one other than the parties directly involved knew what was going on, it would not be truly multilateral.

[Takase] You mentioned the major powers' egotism. The biggest difference between GATT and the United Nations is the decision- making system. GATT uses the consensus system, while the United Nations generally determines issues by majority vote. Four-fifths of GATT nations are developing nations. Developing nations have an even greater presence in the United Nations. Thus, if majority vote were used to determine matters, everything would be ruled by developing nations. Developing nations have little experience in new matters, and therefore, organizations in which developing nations have had a decisive vote have tended to encounter difficulties in solving new economic and trade problems. This led to new problems concentrating in GATT. Now, the consensus system, which had customarily been used, has been codified, and I believe this will contribute to the common understanding of GATT. I would like to save my discussions on its application for a separate occasion.

New Issues for the Post-Uruguay Round Era: A Side View of the Market Competition Policy

[Saiki] Next, I would like to ask for discussion on what issues need to be tackled after the Uruguay Round talks. I believe the post-Uruguay Round era's most important objective is to develop the WTO into a solid institution, and in addition, to continue talks on developing rules for new issues and those issues that were not dealt with in the Uruguay Round negotiations. What do you think?

[Haraguchi] When the Tokyo Round ended, there were various rules, such as rules against dumping, that had been formatted but were incomplete. Thus, in the Uruguay Round, revision of the antidumping rules was a main focus of negotiations. Similarly, there emerged fields that had not been dealt with in the Tokyo Round but now encountered problems unless new international rules were created. Such were the service trade industry and the trade aspect of intellectual property and investment.

Thus, when we discuss the post-Uruguay Round era, one of the issues is whether or not the new rules agreed upon at the Uruguay Round negotiations are functioning well in light of new realities, and if not, how they should be revised. At the same time, we also need to consider whether the new rules established at the Uruguay Round are sufficient; is there a need for additional "traffic rules" to further international economic exchange? In this respect, several specific items have already been proposed in the Marrakech meeting. For example, it has already been agreed that the WTO should handle issues pertaining to the relationship between trade and the environment; there are also issues concerning the relationship between trade and investment, trade and market competition policy, and trade and labor conditions.

Earlier, I touched on the fact that the developing nations' economic strength is increasing. As a result, export volumes are also rapidly expanding. One of the reasons developing nations' exports are so strong is their low costs and abundant labor. Here, labor conditions and trade become factors. Also, when the economy becomes more vigorous, environmental problems always develop. Since international economic exchange is increasing by leaps and bounds, and the world economy is rapidly expanding, environmental problems are emerging as a global issue.

Many firms are now multinationals and are expanding beyond national boundaries. According to economic logic, they would like to operate under the same rules no matter where they go. On the other hand, however, boundaries between nations undeniably exist. Conflicts between domestic policies and economic logic are to be expected, and there will be necessary adjustments between the two. Some typical examples are seen in the relationship between market competition policies and trade policies, and the issue of how to deal with investments.

[Takase] There are two aspects to the free market competition policy. One is the pressure on Japan's Fair Trade Commission stemming from Western nations to regulate unfair competition. Second is the problem of the antidumping tax that, in the name of unfair competition, strongly suppresses foreign products' price competitiveness. The provisions of the antidumping tax, which is so discriminatory against foreign products, needs to be revised through deliberations on free market competition policies.

Liberalization of trade is moving away from most-favored-nation treatment, which is meant to close the gaps between nations, and toward national treatment, which narrows the gaps between domestic and foreign concerns. Similarly, in terms of laws governing competition, we have come to a stage where the gap between domestic and foreign entities should be done away with. To adopt a market competition policy that does not discriminate against other countries, I believe that Japan should focus on a reexamination of its free market competition policies. However, with the world moving this forcefully toward liberalization, there is fear that the Western nations may view the antidumping tax as the WTO's weak point and abuse it. At such times, Japan should take a particularly positive attitude in examining market competition policies.

Looking at Japan's current state, the export industries, which worked the hardest for postwar reconstruction and the prosperity that followed, are in dire straits. On the other hand, import industries are making a profit due to the high yen. As a nation dependent on production, the current situation of the major contributors to the Japanese economy suffering difficulties is a serious issue. The harder the export industries work, the higher the yen will rise, causing the weakening of export industries. To break this vicious cycle, it is necessary to ease regulations to promote competition in the import industries, which gain profits without real work. Such deregulation should be done in a way that would visibly and effectively promote imports. I think that this is the only way to break the vicious cycle Japan is in right now.

Also, I would say that it would be impossible for a new round of talks to take place within the next five years. I say this because it used to be GATT's custom to develop a rule only after it had had some experience in the issue. This time, it created rules based on concepts, without any previous experience. It will take some time before one can ascertain what consequences will result, and what points need to be discussed. What is likely to happen is that there would be mini-negotiations here and there, and when the whole picture finally becomes apparent, we would proceed to the next round.

Labor and Environment Issues

[Kuwata] The post-Uruguay Round issues that have begun to pile up can be divided into those that have remained unresolved (and continue to become ever more serious) and those that have to do with newly expanding sectors. We in the industry field have focused our attention primarily on the service sector's expanding role. However, here, the only agreement reached is that most-favored- nation treatment and market transparency should be designated as general obligations and market access and national treatment as specific obligations. Actually, nothing has really been decided. However, IMF statistics appear to show that a great portion of the world's trade has moved to the service sector and other intangibles. The 1993 volume of world trade on an export basis was calculated at $476 trillion, of which the service arena accounted for 22 percent. Even calculating from the figures of just a year earlier, there was a 2-percent growth rate over 1992 figures. I have to believe that efforts to reach an understanding in this area as soon as possible are of paramount importance.

Then, too, there are labor and environment issues. I basically question whether these can be linked to trade issues at this time. For example, surely labor standards and environment problems could be resolved, for instance, through the ILO (International Labor Organization), which could first seek to reach a worldwide consensus on the minimum level of protection through shared talks. It would not be too late then to link the talks to trade issues.

[Takase] I suspect there is some dissatisfaction in the United States today over this same issue, so the problems will eventually be turned over to the WTO. However, when it comes to working to safeguard fundamental rights, like the freedom of association, which are tantamount to personal human rights, the developing nations are not likely to offer much opposition. This is an area in which the ILO has achieved some notable results. The ILO has some 171 member nations, more than the 128 in GATT/WTO. The ILO has numerous separate treaties and recommendations, but a nation's entry does not insure that the basic rights will be protected. The only problem is that the ILO is a specialized UN agency that makes it difficult for decisions to be made by the will of the advanced nations as it would be in the WTO. That is why the United States wants to take the issues to the WTO. I myself believe that the issues should be discussed among ILO members. Then the WTO should reexamine the issues if necessary.

[Haraguchi] I think that the most noticeable change in the international community is the progress in trade liberalization. In other words, this can be called making the competition more formidable. Harsher competition will inevitably bring out those who feel threatened. They will probably ask for protection in all possible ways. These requests will be presented under the guise of environmental protection, sovereignty preservation, or as safeguarding the three labor rights. We have to be prepared to deal with these possibilities.

On the other hand, I have this doubt about whether we should view the world only from the prospect of a "trader" now that the world economy has progressed this far. Naturally, there will be cases that must legitimately be discussed from the standpoint of preserving the environment. As we move to endorse more competitive economic policies, there will be several different points of views depending on whom you represent: a "trader" or those who are responsible for the competition policy.

[Kuwata] For instance, many multinational corporations have emerged. The way an American corporation does business is: It first studies and organizes the business environment, then it begins investing in the local economy. However, a Japanese company tries to follow local practices first; as the proverb says, "when in Rome, do as the Romans do." The Japanese go on to invest after understanding the local business environment. Therefore, this eventually brings the labor standards up to the levels of a Japanese company. This is because it is quite difficult to reach an international consensus on ideal labor standards. It is also very difficult to wait to start business until conditions are perfect. Since we generally go into business in developing countries, it may be desirable to leave such issues as trade, environment, and labor until after that country's environmental and labor conditions have reached a certain stage.

[Takase] I think we have to recognize the multinational companies' significant contributions to world economic development. Granted, these firms do have some evil practices, but to win in a world economy that is increasingly and more fiercely competitive, it has become impossible to produce a product from scratch to finish within the confines of a single country. Therefore, we see more and more of the following business practice to deal with international competition: a firm will gather competitive components from throughout its region to manufacture products. This business practice has rapidly expanded throughout all regions whether or not there exists a body unifying that region's nations. In addition to this trend, the multinational company concept is now different from what it once was. At any rate, all firms that trade industrial products are now "multinationals." Since the scope of what constitutes a multinational has expanded, and its influence on progress is significant, we have to accept this as reality.

[Haraguchi] In other words, regardless of the company's size, foreign investment is a primary source of invigoration of the global economy. Therefore, each country's investment related regulations become an important element. Since it is true that developing countries have achieved substantial economic development by utilizing foreign investment, it may be wise to find methods to enhance investments to promote further economic development and to protect the country's sovereignty. It would be ideal if we can make international regulations to smooth out the process of these two elements.

[Saiki] I think Western firms have a tendency to expand into other nations only after favorable conditions are established. This gives rise to greater demands for the establishment of multilateral rules that provide investment protection and guarantee open competition. Although Mr. Takase does not see that a new round of discussions will take place for at least the next five years, I believe there will be a demand for such rules within the next five years.

[Takase] I think it is necessary to discuss issues such as investment and investment promotion that were not resolved in the Uruguay Round of talks. Although the WTO will have the final say on the rules, I think it would be advisable to have talks within the APEC (Asia Pacific Economic Cooperation) forum and OECD (Organization for Economic Cooperation and Development).

[Saiki] It is easy to discuss matters among the 25 OECD member states since they are all economically advanced countries. Of course, there is discussion of such issues as investment, competition policy, environment, and a variety of others. There is talk about forming an MIA (Multilateral Investment Agreement) to govern investment. I consider it likely that the advanced countries will format rule models among themselves at the OECD forum, and these will eventually be introduced into the WTO, where a large number of members are developing countries.

[Kuwata] That might be a good idea. There is a similar example involving national communications, a service sector field. The UK's deregulation of communications was followed by deregulation in the United States, and to a degree, Japan. In developing nations, this is an arena still under government control. International standards are nearly impossible to set since there are considerable differences between advanced and developing countries. In some developing countries, information is equated to state secrets, and they are concerned that if their communications sector is totally deregulated, they will effectively become information "colonies" of advanced nations. However, I suggest Japan is in a favorable position to mediate between the advanced nations and other developing Asian countries, since we well understand the other Asian countries' situation.

[Haraguchi] There is the possibility of a new confrontation between North and South. For example, developing nations increase their exports as their economies grow. On the other hand, advanced nations must deal with the high cost of labor and low growth rates. From the viewpoint that there can be no way to beat competition from goods from producer nations with low labor costs, advanced nations may seek to establish links between labor standards and trade. Naturally, there will be strong opposition from developing nations.

Developing countries will also encounter problems with environmental pollution following their rapid economic growth. Then, advanced nations will view developing nations as having given no consideration to environmental issues in their quest for economic growth. It is easy to imagine that some advanced nations will increasingly insist that measures be taken to contain nations that do not have effective environmental preservation controls because increasing environmental pollution is a very serious problem. In response, developing nations will insist that the advanced nations have damaged their environments in their industrialization process. After they reached their current state of prosperity, they started insisting on environmental preservation first. It is unfair for advanced nations to prohibit others from doing what they themselves have done. I can picture such scenes of strong opposition.

[Takase] The ILO was founded after World War I. Its leading members were the advanced nations, and the body set high standards for the rest of the world to aim for. However, today, with the large number of developing nations, it would appear impossible to require adherence to these standards. It might be better to set minimum standards that must be met, or provide different levels or stages for the member nations of one treaty, to provide some flexibility in accord with each member's circumstances. Essentially, the ILO's many treaties and labor standards are not acceptable to the world at large as is the WTO.

[Haraguchi] Imagine the following: The many member states linked by a common treaty agree to enforce import barriers against any member who violates environmental preservation standards. This would not be a problem if all WTO members participated in the decision-making process. However, in theory, it is possible that there would be those who had no part in that process. If one of those member countries has exported goods that do not conform to the treaty's terms, then there are problems with how the other members will react to the nation that violated the treaty.

[Kuwata] I suggest that the stick of import barriers alone will not be effective in changing the violator nation's ways. It would be desirable to supplement this with the carrot of financial aid to developing nations from advanced nations, much along the lines of Japan's "green aid" programs.

As Standards Become Global, National Sovereignty Is Limited

[Saiki] What interests me in what I have heard are the issues not generally considered to be trade issues. I believe these "nontrade concerns" will prove to be more closely linked than ever to trade and trade issues in the future. Trade practices are becoming more standardized throughout the world and production centers are steadily moving along. Yet, in the front lines of international investment, there are significant cultural and societal differences and, consequently, obstacles that cannot be resolved solely through economic negotiations.

In changing the subject a bit, the recent conference of Group of Seven [G-7] ministers in Brussels was called the Telecommunications Summit. The G-7 nations discussed establishing sophisticated global communications networks, but it was worthy of note that even within the G-7, France, which regards cultural identity as of paramount importance, expressed caution toward possible rule of Europe by the United States, a nation of advanced, high-tech communications. Not solely in the communications arena, I think that slower developing nations will be very resistant to following the lead of advanced nations.

[Haraguchi] I think the high-tech problem will probably be one of the Uruguay Round's important issues. Countries that can make the most of advanced technology are really limited in number, and should those countries hold the power, the rest of the world would not be able to catch up. That has a great impact, and is a major problem, too.

[Takase] It would be so much more convenient if countries all over the world used the same standards. However, the actual trend is to purposely employ different standards to divide the world market. That is, different standards are used to guarantee a certain level of market share. This is a political problem, and it may be difficult to draw conclusions from discussions in technical institutions. Therefore, it is important for countries with a greater market share to make concessions in establishing international standards.

[Kuwata] It is very difficult, indeed, for everyone to assemble and decide on standards. So, in industry, I think, it has to go through a process in which the one who has gained the biggest number of users in the market becomes the de facto standard, and new standards will be adjusted to it.

[Haraguchi] My impression of the overall historical trend is that the pure concept of national sovereignty is being gradually eroded, and it seems every country must be convinced to yield a part of its sovereignty and live under the same rules to advance in the direction of the maturation of the international community.

[Kuwata] That is the spirit of the WTO. Surely, it emphasizes a halt to discriminatory practices.

[Haraguchi] However, what is difficult is the process. According to economic logic, the world turns borderless at one go. On the other hand, there are real borders that preserve the culture and traditions of nations. And those borders are where conflicts are brought about. From now on, it becomes very important to consider how to resolve those conflicts.

[Takase] I do not think it is necessary to deeply interfere in local culture. Things such as procedures and standards are at much shallower levels, and can accept international reconciliation.

[Saiki] Thank you very much for your valuable opinions.

Former Envoy Stresses Importance of U.S. Ties

OW2805135795 Tokyo GAIKO FORUM in Japanese May 95 pp 60-66

[Article by Nobuo Matsunaga, special Japanese Government representative and former ambassador to the United States: "Nothing Can Replace the Bilateral Alliance"; this article was transcribed and edited based on a speech delivered on 24 November 1994; place not given]

[FBIS Translated Text] **Three Important Things in Thinking About the Japan-U.S. Relationship**

I served in the Ministry of Foreign Affairs [MOFA] for 44 years and spent my whole life as a diplomat. Today, I would like to talk freely as a man of practical affairs. In thinking about the current Japan-U.S. relationship, we should always keep in mind three things:

First of all, we are going to greet the 50th anniversary of the end of the Pacific War, which was started by Japan with an ambition to obtain hegemony over Asian nations and to establish the Greater East Asia Co-Prosperity Sphere. Japan was defeated in the war and surrendered to the Allied powers in 1945.

During the war, I served in the Navy; after training, I was commissioned an ensign in late December 1944. About eight months after that, Japan surrendered and I personally experienced the war's misery. When I left the Navy, I came to the conviction that for Japan to live in the international community there was no alternative but to pursue peace. I had a post in the MOFA in 1946, when Japan was a penniless, poverty-stricken country thrown into a pile of rubbish. We had nothing to eat or wear; nothing was left for us.

Fifty years after that, Japan has come to be called the world's economic superpower second only to the United States. It is certain that this has been made possible through the wisdom and effort of Japan. However, it is the unconditional, limitless assistance given to Japan by its former enemy, the United States, that has made Japan what it is today. First and foremost, we should never forget this.

Second, the Cold War structure, the confrontation between the United States and the Soviet Union, came to an end during 1989-90. Actually, the move had already begun before that, and what was symbolic of it was the Berlin Wall's collapse on 9 November 1989. I was in Washington then and I could directly feel an upsurge of victorious sentiment pervading the whole country.

The confrontation between the United States and the Soviet Union was one between liberalism and communism, and from an economic viewpoint, it was the confrontation between the free market economy and the socialist managed economy. A sense of victory pervading within the United States then was a conviction that capitalism defeated communism and that the market economy defeated the socialist managed economy. The Berlin Wall's collapse made everyone think that someday East and West Germany would be unified.

This was immediately before I left my post in Washington, so I had a chance to meet a number of people, including President Bush, Secretary of State Baker, and other influential government officials, Congressmen, people in the economic and media worlds, and others. I asked everyone when East and West Germany would be unified now that the Berlin Wall had collapsed. However, no one could give me a definite answer.

Former President Nixon, who died last year, had resigned because of the Watergate incident. As everyone knew, of all the presidents after the end of World War II, he was reputed to have been the one most versed in international affairs as well as one who had insight into diplomacy. I intended to pay a courtesy call on President Nixon before leaving my Washington post, but I had no time left to make the call, being very busy preparing for my departure. I was to leave Washington on Saturday, 19 November; I heard that President Nixon returned from China on Monday of that week. On the following day, I called President Nixon, who was residing in a New York suburb: "I very much appreciate your kindnesses. I intended to make a courtesy call before leaving the United States. However, I have no time, so I wish to express my deep appreciation to you on the phone." President Nixon replied: "You have three more days before your departure. I have something that I must tell you by all means. Be sure to come." I was surprised and called a friend of mine in the White House, who said: "Of course, you should go." Former U.S. Ambassador to Japan Armacost [undersecretary of state at that time] also said to me: "Nixon may want to tell you something important. You had better go even if you have to cancel other engagements." So I made up my mind and went to New York the day before my departure.

President Nixon said China should not be isolated in the international community and that he wanted to tell me this by all means.

China encountered sharp criticism not only from Western countries but also from Asian nations because of the Tiananmen incident in June 1989. Under such a situation, I think what President Nixon wanted to tell me was that Japan should help China establish a capitalist economy in China. I said to President Nixon: "By the way, when do you think East and West Germany will be unified?" He answered that "it will take time."

At that time, even West German Chancellor Kohl said in public that unification would take at least 10 years. All the leaders of European countries said the same thing. However, the unification of East and West Germany was realized within a year from then, on 3 October of the following year.

This gave me an incisive lesson, the essence of which is that changes in international situations, once initiated, will accelerate at speed and amplitude beyond human expectations. Therefore, we must always keep in mind that there is no knowing what may happen to the international situation now developing before our eyes, half a year from now, or even one month from now.

After the Cold War ended, democratization developed in international relations, and the international community as a whole has greatly benefited through the increase of social welfare called the "peace dividend." The tension of world war has disappeared. On the other hand, it is also true that regional strifes and confrontations have frequently occurred in various parts of the world due to the Cold War's end, the typical example of which is the Gulf war. The international community rose because it could not ignore Iraq's ambition to occupy Kuwait, and it was a war to frustrate Iraq's ambition waged by forces with the U.S. as the central figure. Various strifes are happening in former Yugoslavia, Central and South America, and various parts of Africa.

It is supposed that these regional strifes would not have occurred if the Cold War structure had been maintained. If regional strife occurred in some place under the Cold War structure, that is, when the United States and the Soviet Union were in a confrontational state, that would have immediately lead to intervention by either the United States or the Soviet Union. Then that would very likely have lead to a showdown between the two superpowers; therefore, the Cold War structure itself prevented the outbreak of regional strifes.

Another thing is that a number of serious problems crossing national boundaries have cropped up, although they are not necessarily a natural result of the Cold War's end. For example, many problems crossing national boundaries sprang up, such as AIDS, the environment, and drugs. Furthermore, the world economy as a whole is extremely stagnant and business conditions are recessionary. As a result, a serious disparity in wealth, as well as economic fears, have occurred everywhere.

Third, there is a problem in the Asia-Pacific region. In the midst of the international situations mentioned above, the Asia- Pacific region is attaining great economic development compared with other regions. On the other hand, there is an unstable element in the region, like the Korean peninsula problem. Furthermore, there are territorial disputes not only between Japan and Russia, but also among Asian nations themselves. However, from a global point of view, Asia, the Southeast Asian region in particular, is attaining an outstanding economic development compared with other regions and has taken a vigorous step toward a richer society. There were once the Mediterranean Age and the Atlantic Ocean Age. I am absolutely sure that the next century will see the Pacific Ocean Age. We should keep that in mind when we think of the present and future development of the Japan-U.S.relationship.

Does Japan's Economic Threat Replace the Soviet Threat?

The media is reporting various problems concerning the relationship between Japan and the United States. It often tends to emphasize negative aspects, such as trade war and economic friction.

I served in Washington for five years. Before I served in Washington, 80 percent of the duties of Japanese ambassadors to the United States had lain in political problems, security ones in particular. The Japan-U.S. Security Treaty's smooth operation was the very important duty of Japanese ambassadors to the United States. However, that completely changed in my time, although the change had been taking place a little before my time. Eighty or 90 percent of an ambassador's duties were directed toward the management of economic problems, thus bringing about a big turnabout in the duties.

Most of the time I spent came to be directed toward tackling economic problems, most of which derived from the economic imbalances between Japan and the United States. For example, there was a request for the opening of Japanese markets, or a criticism of Japan's unclear or unfair practices and systems.

Although the so-called Toshiba incident was an exception to the prevailing situation at that time, I am going to cite this case to show how serious the relationship was between Japan and the United States. It was said that an enterprise named Toshiba Machine Co. had exported to the then Soviet Union machine tools for making submarine screws. The problem was: The machine tools were exported against the COCOM [Coordinating Committee for Export Control to Communist Areas] agreement, and, as a result, the sound of the Soviet's submarine screws became too feint to detect.

The Soviet Union was a potential enemy then and Japan was allied with the United States. Therefore, voices were raised within the United States asking if Japan was going to imperil U.S. security for the sake of business interests. The assertion was so understandable to everybody that waves of criticism against Japan swept the United States. At that time, I frequently visited the U.S. Congress and appealed to politicians. In the U.S. Congress, a bill for censuring Japan was being drawn up. Not only that, a bill for shutting out Toshiba products from U.S. markets was presented to Congress as sanctions against Japan. I could not help having a strong sense of crisis that if this bill was passed, the relationship with the United States would collapse.

When I was walking in Congress, I was turned away by three or four Congressmen, who said: "It is a waste of time for me to meet and listen to the ambassador of the country that sells the security of the United States. Please go away." For all that, I endeavored to persuade Congressmen. Then 95-96 percent of Congressmen began to say: "Your anxieties are quite the same as ours. We entirely agree with you that the Japan-U.S. relationship must not be impaired." They further said: "Since the bill has already been introduced, we cannot quash it entirely. However, we will make every effort so that the bill's contents will not cause material damage." In fact, afterward, various amendments were made to the bill, and the bill in its final form was a sanction bill in name only — a bill that would not cause material damage.

Then I could not help but feel the friendship in the U.S. Congress very deeply. Of course, the Japanese Government and friends in Japan gave me full support. However, it was friends in the United States who saved me from difficulty in such a crisis.

Sometimes a voice is heard to say that, with the end of the Cold War, Japan's economic threat has taken the place of the Soviet military threat. I firmly believe that cannot be.

Rethinking the Japan-U.S. Security Problem

As I said before, with the Cold War's end, the confrontation between the United States and Soviet Union has ceased to exist, that is to say, the Soviet Union, a potential enemy of the United States, has ceased to exist. Instead, a new partnership is being formed between the United States and the present Russia. The next question is why the Japan-U.S.Security Treaty is necessary under such a circumstance.

My conviction is that it is absolutely necessary for us to uphold the Japan-U.S.Security Treaty as we have done so far. There is a possibility that regional strifes and tensions will break out at any place and time under the current international situation following the Cold War's end. It is true that our common interest is to secure real peace and stability by getting rid of these strifes and tensions. However, there is military power in the world, and the denial of the existence of military power is to take our eyes from reality. In that sense, we cannot ignore the existence and role of military power.

I have already mentioned the dissolution of the confrontation between the United States and Soviet Union, as well as regional strifes and wars breaking out in various parts of the world after the Cold War's end. What is to be noted here is that the backgrounds and causes of these strifes and wars are all different. Naturally, many of these strifes and wars were caused by the collusion of political or economic interests. As more fundamental reasons, however, there are various elements such as race, religion, culture, and history behind these strifes and wars; it is impossible to stylize causes. Therefore, once a strife breaks out, it is not easy to solve it and restore peace, which is evident from the many UN peacekeeping operations.

However, what I want to emphasize here is that although the causes of these strifes and wars differ greatly, there is one thing that is common to all of them. Whenever strife or war breaks out, it is always a force with mighty military power that uses its armed force against a lesser military power. This is true for all ages and in all places, and it is this fact that we must look in the face. We must not forget that diplomacy does not exist apart from a hard fact. In other words, we need to dwell on the fact that we cannot secure peace or stability just by advocating an ideal. I think everyone knows that in the present world, international, mutual dependence has acquired a deeper significance than ever before, and that no country is allowed to live in isolation under the circumstances. As you know, one-country-pacifism will not do, which we must keep in mind.

Another thing we must be aware of is that there is no comprehensive, collective security framework in the Asia-Pacific region. In Europe, in addition to NATO, there is OSCE, which covers a much wider area than NATO. However, there is no corresponding organization in Asia. This is due to the diversity of Asian nations — a diversity in politics, economics, and culture. Because of this diversity, it is unlikely that a comprehensive, collective security framework will be established in the Asia-Pacific region in the near future. When viewed in perspective, a security system in which many countries participate will be established in this region, and this is desirable.

The ARF [ASEAN Regional Forum], which was formed in 1994, is certainly moving in this direction, and this is to be welcomed. However, the forum's principal role currently is to promote better mutual understanding among member nations, and we cannot expect it to perform the function of preserving security under the circumstances. Therefore, for the time being, we have no alternative but to depend on a bilateral security framework like the Japan-U.S. security system. This is a fact that we must grasp squarely.

A report titled, "East Asia-Pacific Security Strategy," which the U.S. Defense Department released in late

February 1995, emphasized the strengthening of bilateral alliances, including the Japan-U.S. security system. Although it welcomed multilateral approaches like the ARF, it explicitly indicated that such a forum would not take the place of bilateral alliances. I would like to take this opportunity to add to this fact.

Supposing that the Japan-U.S. Security Treaty ceases to exist, what will fill the "vacuum" created in East Asia? In my opinion, there is nothing but the Japan-U.S. Security Treaty that can fill this vacuum. We cannot deny the military role that will be played by U.S. Armed Forces in preparation for military tensions, or probable strifes and confrontations in this region.

Japan chose "peace" as a result of the defeat in the war. The Japanese economy has prospered to this day through Japan-U.S. cooperation. When we look back over this process, we cannot opt for Japan's rearmament. Then the Japan-U.S. Security Treaty is an absolute necessity.

We can say that the tension on the Korean peninsula is in the process of relaxation, with former President Carter's visit to North Korea as a momentum. However, the Cold War structure has not yet come to a complete end in East Asia, and it is often said that the fruits of the Cold War's end have not yet materialized. The same is true of the relationship between Japan and Russia. When we look into the U.S.-North Korea agreement concerning North Korea's nuclear issue, we think it will take years, 5-10 years, to ascertain whether or not North Korea has completely abandoned its intention to develop nuclear weapons, that is, to dispel that country's nuclear threat.

We fully expect and strongly desire that North Korea will completely carry out its pledges in the U.S.-North Korea agreement and will dispel doubts about its alleged nuclear development. Moreover, the greatest task for North Korea has been normalization of its relations with the United States. Now that a course has been set in that direction, the next problem for North Korea is how to establish relations with South Korea and how to normalize its relationship with Japan.

Frankly speaking, the prospects for these two tasks are still unclear, and it will take a long time for their realization. Unless they are realized, the Korean peninsula's stability will not become a reality. If the peninsula moves in the direction of stability, Japan will have to think of providing assistance and cooperation that North Korea needs. Furthermore, what is to be noted here is that in normalizing Japan-North Korea relations, the firm maintenance of a good relationship between Japan and South Korea is an absolute necessity. Unless a dialogue is developed between North and South Korea, there will be no advancement of normalization between Japan and North Korea.

The Results of By-Elections and U.S. Isolationism

As you know, immigrants from Europe landed on the northeast coast of the United States and its opening-up began. Then the economy began to move to the south and the west, which was followed by the movement of a large population. It is safe to say that they have now reached the Pacific coast. As a result, all U.S. eyes that had been directed toward the Atlantic Ocean are now directed toward the Pacific Ocean. We need to watch this fact carefully.

The U.S. economy's actual situation shows that economic exchange and trade with Asian nations, as well as the transfer of investment to these countries, have come to far exceed trade and other relations with Europe. For the future development of the United States as well as for its economic development, its closer cooperation and relationship with Asia have increasingly become important. In this sense, a mutual dependency is being established between the United States and Asia, and the time has come when the United States has to build an equal cooperation and partnership with Asia.

The Japanese economy's recovery is still slow, but if Japan and the Japanese concern themselves only with their internal affairs when the Asian situation is on the move, Japan will be isolated in the Asia-Pacific region. That is not in Japan's best interest. Japan should focus its attention on international relations, and the time has come for Japan to carry out its role and responsibility. In this connection, I think Japan must continue to maintain close cooperation with the United States and do so with due consideration.

The recent U.S. mid-term elections ended in a crushing defeat for the Democratic Party and a great victory for the Republican Party. It will take considerable time to explain the reasons for such results, but there is no doubt that a big change is taking place. I think voices calling for change are being raised in the United States. Viewed from a different standpoint, I think the Democratic Party failed to fully use the voices and that, on the other hand, the Republican Party made good use of them.

As you know, unlike Japan, the United States does not have a parliamentary system in accordance with its Constitution. And U.S. foreign and diplomatic affairs are decided by the president and the administration. Therefore, changes in Congress or results of gubernatorial elections do not legally affect the diplomatic rights of the president or the administration, which differs greatly from Japan's system. Since Japan has a parliamentary system, the situation of political power in the Diet directly affects its political situation. Another thing is that there is bipartisan diplomacy in the United States. For example, there is no essential difference between the Democratic and Republican Parties in their policies toward Japan. Not only the Reagan and Bush administrations of the Republican Party, but also the Clinton administration of the Democratic Party used the same phrases: "The Japan-U.S. relationship is important" and "the Japan-U.S. relationship in the world."

However, as a practical matter, in the United States, Senate deliberation and approval are necessary for the enforcement of a treaty, and its related laws are naturally subject to the decision of the Senate and the House of Representatives. Therefore, it is natural for the Republican Party to decide on the management of Congress because it holds a majority in the Senate and House. For example, if a treaty is submitted to the Senate, it is its majority leader that decides on the treaty's agenda. Therefore, if the Republican Party judges that it does not need the treaty immediately, it can delay its agenda for a very long time. Then the deliberation on the treaty will be suspended during that time. In addition, Congress has the right of personnel management. For example, the Senate must approve the appointment of the secretary of state. As a result, it actually happens that Congressmen opposed to the appointment of a person can prevent the appointment. In the United States, it often happens that the person whom the administration wants to appoint fails to obtain Congressional approval.

Furthermore, there is very strong pressure for isolationism and protectionism in the U.S. Congress today. It is still unknown at this stage what power they will wield and what effect they will produce on the management of Congress. Therefore, I think we must observe with great interest how the results of the midterm elections are going to be reflected in U.S. diplomacy. The same can be said of Japan, but I sincerely expect and hope that the U.S. Congress will not take an inward-looking policy, will surmount the pressure for isolationism, and will manage Congress so that the fulfillment of the global responsibility borne by the United States will not be hindered.

Editorial Supports Li Teng-hui's U.S. Visit

OW3005022695 Tokyo SANKEI SHIMBUN in Japanese 24 May 95 Morning Edition p 2

[Editorial: "Flow of Current Makes It Natural That President Li Should Be Allowed To Visit U.S."]

[FBIS Translated Text] The U.S. Government has decided to permit the Taiwanese president (Li Teng-hui) to visit the United States. This will be the first time this has happened since the United States and Taiwan severed their diplomatic relations in 1979. President Li, in February of last year, visited the Philippines, Indonesia, and Thailand, with which his country has no diplomatic relations. But the U.S. Government's decision is incomparable in terms of the impact it will have on the PRC, as well its impact on Japan-PRC and Japan-Taiwan relations.

Simply put, this is probably a sign that the ropes that have long bound Taiwan are beginning to come loose. The PRC Government drove the United States and Japan into respecting or recognizing its position on "one China" and "Taiwan being an inseparable part" of China by including these expressions in the U.S.-PRC joint communique of 1972 and the Japan-PRC joint statement in the same year, and since then, the PRC has compelled other countries to limit and restrain their diplomatic relations with Taiwan based on these protocols.

Though internationally isolated and forced to maintain exchange relations with other countries only at the private-sector level, Taiwan has continued to grow economically and has made efforts to democratize further. Taiwan has won an influential position for itself in Asia. In per capita GNP, trade volume, investment, and foreign exchange reserves, Taiwan has risen to the level of an industrialized nation. It has become impossible to ignore that country and maintain the international economic order. On the other hand, "one China," which the PRC has insisted on, is yet to become a reality, and there is no prospect of it ever becoming a reality.

Is it all right to leave the present condition as it is? The U.S. Congress thought something should be done, and compelled the U.S. Administration last year to review its policy on Taiwan for the first time in 15 years, and this resulted in a visit of a senior economy-related government official to Taiwan. Even on the recent matter of President Li Teng-hui's visit, before the administration made a decision, the Congress passed a resolution urging it to accept his visit to the United States. In other words, the Congress has performed its function of leading or complementing the administration, which could not move, bound by the joint statement.

To our regret, in our country the Diet has not performed such a function. The administration for its part does not want to come out of the hole called "one China" however sharply the situation in and around Taiwan may have changed.

In no way are we saying the Japanese Government should ignore the Japan-PRC joint statement. Even as far as the U.S. Government is concerned, all it has done is decide to allow President Li Teng-hui to make the visit in personal capacity, and the purpose of his visit is to attend an alumni meeting at his alma mater, Cornell University. We think this "loosening of ropes" is a humanitarian move, and should be only natural. Another strand of rope binding him from visiting his other alma mater, Kyoto University, should be loosened as well.

It may be futile to make requests to the present government known for its "three nothings" — not doing anything, not wanting to do anything, and incapable of doing anything." But we would like to say that we really wish the government would take diplomatic initiatives and do something, like bringing PRC President Jiang Zemin and Taiwanese President Li Teng-hui to a meeting together at the Asian-Pacific Economic Cooperation (APEC) event in Osaka, for instance.

UN Raid on Bosnian Serbs Termed 'Unavoidable'

OW2605035495 Tokyo KYODO in English
0345 GMT 26 May 95

[FBIS Transcribed Text] Tokyo, May 26 KYODO — Japan on Friday [26 May] called on "all people" engaging in the war in the former yugoslavia to stop all military action and make "earnest efforts for a peaceful solution."

Chief Cabinet Secretary Kozo Igarashi made the remark in connection with the air raids Thursday by the North Atlantic Treaty Organization (NATO) forces against the Bosnian Serbs. Igarashi called the NATO attack "an unavoidable action" taken after UN Forces were endangered through intensified fighting.

Murayama, Rio Ministers Agree To Boost Ties

OW3105043495 Tokyo KYODO in English
0324 GMT 31 May 95

[FBIS Transcribed Text] Tokyo, May 31 KYODO — Prime Minister Tomiichi Murayama and foreign ministers from Ecuador, Brazil and Bolivia agreed Wednesday [31 May] to boost further cooperative relations between Japan and Latin America, a Foreign Ministry official said.

Murayama and the three foreign ministers of Rio Group troika countries — Ecuador's Galo Leoro Franco, Brazil's Luiz Felipe Lampreia and Bolivia's Antonio Aranibar Quiroga — reached the agreement during 25 minutes of talks at Murayama's official residence.

Ecuador currently serves as the chair of the Rio Group. Brazil was the previous chair and Bolivia will be the next chair country.

The Rio Group foreign ministers said establishing close cooperative relations with Japan is important for Latin American countries because Japan plays important roles in economic and political arenas.

Murayama was quoted as saying that strengthening ties between Japan and the Latin American countries in political, economic and cultural fields will not only be beneficial for the two sides but for the Asia-Pacific region.

Also during the meeting, the foreign ministers called for continued Japanese support for Latin American countries' democratization efforts and efforts to promote economic reforms, the official said.

Murayama gave high marks to Latin American countries' democratization and economic reform efforts and said Japan intends to cooperate with them to tackle problems involving the environment, human rights and poverty.

The Rio Group foreign ministers also asked Japan to send an observer to a planned summit meeting of the leaders of North America and Latin American countries next year, the official said.

Murayama replied that Japan wants to study the offer, he said.

DPRK Agrees To Restart Normalization Talks

OW3105030695 Tokyo YOMIURI SHIMBUN
in Japanese 31 May 95 Morning Edition p 1

[FBIS Translated Text] It has been disclosed that in unofficial preliminary talks with Japan held in Beijing on 29 May, the DPRK (North Korea) informed Japan that it would basically agree to restart talks on normalizing diplomatic relations between the two countries. This was confirmed by more than one government source on 30 May.

With regard to the normalization talks which broke down in November 1992, it was agreed during the DPRK visit by a delegation of the three ruling coalition parties last March that the talks should be restarted. Since then, unofficial negotiations have been held. However, North Korea has not indicated its clear position on restarting the talks. Now that North Korea has made known its readiness to resume the talks, the government plans to hold further consultations with North Korea on concrete schedules for negotiations, including such issues as to whether it will be necessary to hold preparatory talks prior to full-scale talks.

On receiving North Korea's response, the Ministry of Foreign Affairs [MOFA] held consultations on 30 May on what measures it should take in the future. Since it has been reported that the U.S.-DPRK talks in Kuala Lumpur on the supply of light-water reactors to North Korea have come to a deadlock, the prevailing view at MOFA is that "North Korea does not have the time to spare to resume talks with Japan." This suspicion has all the more aroused concern that "This may be a ploy to encourage Japan to settle the rice supply issue, on which it has submitted a request to the three ruling coalition parties."

Nevertheless, it is basically agreed (by senior MOFA officials) that "Japan needs to play the role of increasing the channels of communication with North Korea so as to prevent North Korea from becoming isolated," and that "there is no reason to reject North Korea, which has become positive about talks." Therefore, it has been confirmed that Japan will continue its unofficial talks with North Korea while keeping close contacts with the ROK.

A delegation of the three ruling coalition parties paid a visit to North Korea last March. With regard to the issue of resuming normalization talks between the two countries, the delegation signed a four-party accord centered on resuming talks "without setting any preconditions" with the Workers Party of Korea [WPK]. Unofficial preliminary talks have been held in Beijing since the start of April. However, the talks have so far only resulted in that, in response to Japan's indication of "readiness to resume talks," North Korea has merely stated: "We will refer it to the government at home."

ROK Visit To Discuss DPRK Rice Aid Shelved

OW3105102195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 May 95 Morning Edition p 2

[FBIS Translated Text] The ruling coalition parties, which have been reviewing a plan to send a delegation to the ROK in connection with the issue of shipping emergency rice supplies to the DPRK, have decided to shelve the plan for the time being. The decision came about as a result of circumstances related to the ROK Government. On 30 May, Kim Tae-chi, ROK ambassador to Japan, met with Koichi Kato, Liberal Democratic Party Policy Research Council chairman, in the Diet building. Kato conveyed a request to Kim asking the ROK Government to allow a ruling coalition party delegation to visit the country, but Kim asked that the ruling coalition parties "wait for a while." The ROK Government has already proposed to the DPRK Government holding bilateral negotiations over the emergency rice aid issue. It has been observed that the ROK Government wants to see how the DPRK Government reacts before making arrangements with the Japanese Government.

The ruling parties initially planned to send a delegation to the ROK as early as the end of this week to gain the ROK Government's understanding as soon as possible, in consideration of the reported critical rice shortage in the DPRK. In some quarters, there has even emerged a plan under which Japan and the ROK would jointly supply rice to the DPRK as soon as early June. However, with the ROK calling "time out," it has become certain that the originally scheduled plan will be delayed. It has also become possible that depending on the DPRK's reaction, the very plan to provide it with emergency rice supplies may go back to the drawing board.

In the backdrop of the issue on supplying rice to the DPRK is a delicate relationship among the three countries: 1) Japan, which is very eager to provide aid but is worried about how the ROK feels; 2) the ROK, whose offer to supply rice has been rejected by the DPRK in the past and whose dignity would be hurt should Japan end up supplying rice to the DPRK first; and 3) the DPRK, which apparently needs rice badly but whose true intentions are that it does not want to feel "indebted" to the ROK.

It is for these reasons that Japan pressed the DPRK to accept rice supplied by the ROK when the DPRK approached Japan for aid and the ROK Government expressed concerns over Japan's leading the way in providing aid to the DPRK. At the same time, the ROK has proposed to the DPRK that it "would like to hold discussions on the rice aid issue at a time and place specified by the DPRK." So far, however, the DPRK has made no official response to the proposal.

Aid Cuts To Protest PRC Nuclear Tests Viewed

OW2605133695 Tokyo SANKEI SHIMBUN in Japanese 24 May 95 Morning Edition p 2

[Editorial: "Reducing Grants in Aid Is Not Enough"]

[FBIS Translated Text] To protest the PRC's nuclear tests, the Japanese Government decided to use the reduction of economic aid as an expression of its position. However, this merely consists of reducing grants in aid, which make up an insignificant part of economic aid, to a level lower than that of last year (around 7.8 billion yen).

Japanese yen loans to China will total 1.619 trillion yen by the end of 1995. Adding to this the 580 billion yen pledged as the first installment (for the first three years) of the fourth yen loan, which will start in 1996, makes a total of 2.199 trillion yen (including loans pledged). Needless to say, this is unprecedented in scale in the world (around 50 percent of aid received by the PRC).

Can Japan's protest be effective without doing anything about this?

It is even more preplexing that in their official statements, top government leaders merely spoke of "the effect on financial cooperation in the form of grants in aid," while the Chinese Foreign Ministry wasted no time in proclaiming that "we are opposed to imposing 'political' conditions on economic cooperation."

What an outrageously arrogant and unreasonable attitude! For Japan, economic cooperation is meant to improve the recipient country's industrial infrastructure and living standard in order to enhance economic interdependence with Japan. The reason why Japan is providing enormous aid to China is because the stability of the PRC will serve as deterrence so that peace is maintained in Asia. Economic cooperation is Japan's trump card in its overall security strategy and foreign policy. Nothing can be more "political" than this.

However, it is high time to think unemotionally and rationally about China. When Prime Minister Tomiichi Murayama visited the PRC recently, we pointed out that Japan needed to ask for strict self- restraint on the following: 1) nuclear tests; 2) arms expansion — PRC military spending increased by more than 10 percent for seven consecutive years and more than 20 percent for two straight years; 3) tensions with the Southeast Asian nations due to China's high- handed assertion of territorial rights over the Nansha [Spratly] Islands; and 4) suppression of human rights in the PRC. However, Prime Minister Murayama merely made a clear reference to the first point. On top of that, he was repeatedly making apologies for the past. His Chinese hosts, again, used the term "Japanese militarism."

Holding nuclear tests only 10 days after the visit simply means the PRC treats Japan with contempt. Japan has no reason whatsoever to be accused by China of reviving militarism either in terms of arms exports or naval expansion.

The implementation of economic cooperation with China clearly shows that Japan is transgressing its own four principles of ODA [official development assistance]. In contrast to the suspension of aid to Myanmar [Burma] and other countries on account of undemocratic systems in these countries, this is an appalling case of double standards. Although China gave up claims for war compensation, Japan has more than paid for it with massive yen loans. Japan needs to review its basic yen loan policy without being overly sensitive about liabilities in the past. A reduction of grants in aid is simply not enough.

Takemura Vows 'Utmost Efforts' on Economy

OW3105041695 Tokyo KYODO in English 0404 GMT 31 May 95

[FBIS Transcribed Text] Tokyo, May 31 KYODO — Finance Minister Masayoshi Takemura on Wednesday [31 May] pledged utmost efforts to avoid the economy's shift to another setback.

"We have to do our best to avoid economic stall or setback," Takemura told reporters in reference to a string of serious economic statistics released recently, including a rise to a record 3.2 percent in the April unemployment rate.

The latest job figure seems to show a future course of Japan's economy, Takemura said.

He then called for further reforms of the nation's industrial structure.

The government and the private sector must unite in creating new jobs, especially the manufacturing sector, which is undergoing shifting of production bases overseas, Takemura said.

The government will continue making efforts to steadily carry out its emergency yen-curbing economic package adopted in April, he said.

Meanwhile, Takemura said he firmly believes as a politician that Japan should introduce a kind of environment tax as part of its international contribution to save the global environment.

"An environment tax will be an important common theme for the world before long. Japan, too, should continue serious study on it," Takemura said.

Takemura, head of New Party Sakigake [Harbinger], one of the ruling coalition parties, said his party has attached great importance to the issue of the global environment but has yet to reach any specific idea of ways to impose an environment tax.

Just for reference, an environment tax of 20 billion dollars, equivalent to 1 percent of the consumption tax, would be necessary to finance afforestation of 20 million hectares of land deforested every year all over the world, Takemura said.

Regarding Tokyo Gov. Yukio Aoshima's decision to cancel an international exposition planned for Tokyo next year, Takemura showed understanding, saying, "You have to understand his feeling to fulfill his pledge."

At the same time, Takemura said Aoshima should deal with the issue by recognizing the possible enormous effects of the cancellation.

The decision is expected to cause controversy over political power change and succession of policies, Takemura said.

Takemura reiterated his hopes that Aoshima will make a "sensible" judgment calmly in providing a 30 billion yen in financial support to the government-led rescue of two failed credit unions.

Aoshima has also opposed the use of taxpayers' money for the bailout plan citing his commitment to the voters who elected him.

MITI Loan Program Targets Price Disparities

OW2605144795 Tokyo SANKEI SHIMBUN in Japanese 24 May 95 Morning Edition p 9

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has introduced a new system of providing super-low-interest loans at 3.65 percent a year through such government-affiliated financial institutions as the Japan Development Bank [JDB] for enterprises planning to develop new products or adopt new production methods for the purpose of reducing price differentials between domestic and overseas markets. Deciding to introduce this system as an emergency program for fiscal 1995, MITI intends to start loan consultations and applications at the JDB and other institutions soon.

According to this system, the preferential measure will be applied only to those projects confirmed as capable of contributing to the reduction of disparity between domestic and overseas prices, and applying enterprises must be planning to advance into new fields by developing or manufacturing new products, or by adopting new methods of production or business transactions. Loans will be provided as funds for purchasing land, buildings, or equipment. As a result of surveys conducted by MITI and other agencies, it has been pointed out that there are fields in which disparity can be noted between domestic and overseas prices. In applying for loans, it is required that the projects are connected with these fields.

A MITI survey conducted last November points out that domestic and overseas price disparity exists in the manufacturing industry, especially for those firms engaged in producing intermediary goods such as raw materials or parts rather than others engaged in producing end products. Disparity exists as well for service industries such as transport (including cargo transport), international telephone carrier fees, communications, financing, and real estate. Therefore, no specific industries such as manufacturing will be designated as qualified for loan application — all industries will be qualified.

BOT Chairman Analyzes Reasons for Yen Surge

OW3005020295 Tokyo SANKEI SHIMBUN in Japanese 25 May 95 Morning Edition p 11

[FBIS Translated Text] "The huge current-account surplus has accumulated due to the Japanese industrial structure, which was established during the years when the yen-dollar exchange rate was set at 360 yen to the U.S. dollar. Therefore, as a means to correct the rate, the yen's appreciation has continued over the past 20 years." This was what Toyoo Gyoten stated in his speech at the Japan National Press Club on 24 May.

Gyoten, chairman of the Bank of Tokyo [BOT] and former vice finance minister for international affairs, has agreed to play his role as "Finance Minister Masayoshi Takemura's special envoy" under the title of senior adviser of the ministry. In his speech, Chairman Gyoten said that the trade surplus had been accumulated through the expansion of imports, which in turn was supported by Japan's international competitiveness brought about by the relatively low exchange rate, and that the development of the yen's appreciation is a process of eliminating the surplus thus accumulated.

Chairman Gyoten pointed out that in analyzing the yen's appreciation it is necessary to consider long-term problems stemming from Japan's economic structure and short-term problems resulting from market speculation. He went on to explain that the fixed rate of 360 yen to the dollar, "a rate which obviously could make it easy for Japan to promote exports," was set under the occupation "so as to revitalize the Japanese economy." He thus indicated that, from the start, it was a policy intended to set the yen-dollar exchange rate somewhat lower than those for other currencies.

In his analysis, Chairman Gyoten stated that this exchange rate had continued for over 20 years and the Japanese economy had achieved rapid growth as a result; but the Japanese industrial structure and system had become different from those of the United States and Western nations. This has become "a pattern under which Japan's current-account surplus is bound to increase," and has led to serious economic friction. Efforts were made to convert the economic structure during the 1980's. However, "no sufficient efforts have yet been made," as stated by Gyoten.

Moreover, Gyoten pointed out that efforts have continuously been made to readjust this "relatively low yen-dollar exchange rate" since the flexible rate system was adopted. However, in his evaluation of the current rate, Chairman Gyoten indicated his understanding as follows: "When the rate broke the point of 80 yen to the dollar, I thought the readjustment had already entered its final stage. For the time being, efforts should be made to restore a level of moderation." Nevertheless, he stressed the uncertainty about future, and said: "Nobody knows about the future. Since the basic structure connected with the current-account surplus remains unchanged, it remains unknown whether the prolonged trend of the yen's hike has come to an end."

Nomura Research Head Interviewed on Economy

OW3005090395 Tokyo SANKEI SHIMBUN in Japanese 23 May 95 Morning Edition p 9

[Summary of remarks by Yoshio Suzuki, director of Nomura Research Institute, in an interview by unidentified SANKEI SHIMBUN reporter; place and date not given]

[FBIS Translated Text] Looking at economic conditions in terms of the fundamentals, production activity in the April-June period show continuing recovery. I think production is recovering at the same pace as in early spring, judging from the estimated index of industrial production. I have heard that manufacturers worked during the holiday period in May to produce air conditioners and that performance in the raw materials industry has been good.

The problem, however, is final demand. The propensity to consume has gone down due to the rising value of the yen, the great Hanshin quake, and the sarin nerve gas attack on the Tokyo subway system. This trend is not related to people's income, but to the fact that income is not being directed toward consumption. If this trend becomes pronounced in the April-June period, the economic growth rate may be affected. Moreover, the impact of yen's appreciation will emerge in the July-September period. A combination of these factors may cause a standstill in the economic recovery.

However, since demand arising from reconstruction in the quake- hit region is expected to come out in full force in the second half of the year, we can also expect the government to work out a large- scale. second supplementary budget for fiscal 1995. We can also expect stability in the yen-dollar exchange rate as a result of the effects of the official discount rate cut package.

As a result, I do not believe there will be another recession until next year.

But if the performance of the economy remains static in the second half of the year, asset value, including land and stock prices, will also continue to stay low. These factors will impose a severe condition on recovery and will affect the stability of the monetary system. I think an aggressive fiscal 1996 budget and the maintenance of the tax cut policy are necessary to keep the upward trend in the economy.

Experts Discuss Nation's Economic Growth

OW3005113095 Tokyo EKONOMISUTO in Japanese 2-9 May 95 pp 26-31

[Discussion by Takahiro Miyao, professor at Tsukuba University, and Yoichi Nakamura, chief research specialist at Japan Center for Economic Research: "Is Zero Growth Going To Continue? — Has the Japanese Economy Been Defeated?"]

[FBIS Translated Text] [EKONOMISUTO] In this debate, you are asked to discuss the current outlook for business conditions in the first half of the year and problems related to the medium-term outlook in the last half. First of all, what does the short-range perspective look like?

[Nakamura] In the fourth quarter (October to December) of fiscal 1994, GDP [gross domestic product] dropped by 0.9 percent. Converted at an annual rate, this is 3.4 percent below zero, quite a serious temporary recession. The retarding factor in the fourth quarter is the decrease of investments in the public sector and housing. A considerably large portion of the investment in housing is financed by public loan corporations, and in the fourth quarter this financial support seemed to have begun to withdrawal.

On the other hand, production showed comparatively smooth recovery, a 1.6 percent increase over the third quarter and a six percent increase over the same quarter of last year. Consumption was said to have decreased by 0.6 percent over the preceding quarter, but I have cite statistical figures drawn from housekeeping books, so the statistics are somewhat misleading.

The January-March gross domestic production was presumed to have increased by 0.4 percent, with due consideration to the great Hanshin earthquake, which must have contributed to a 0.3 percent decrease in the growth rate. If not for the natural disaster, a 0.7 percent increase should have been attained, and the economy would have been considered on the way to expansion again. In short, the business slowdown in the last half of fiscal 1994 derived from the ongoing withdrawal of support for the economy by the financing quarters, but in other areas a basis for recovery gained strength. A steady increase was noted in production quantity, and business earnings showed a rapid increase, especially centering around manufacturing businesses. In addition, exports increased, reflecting good global business conditions. Investment in equipment and facilities is expected to recover and start to pick up from the middle part of this year. Putting them together, I predict the growth rate for 1995 will be around 2.5 percent.

[Miyao] Frankly speaking, I was dumfounded to hear your analysis of the present situation. If you excuse me for my bad expression, your statement sounded like prewar Imperial Headquarters announcements, which were far from facts. I have a completely different view.

A zero growth rate could have been registered in the year 1994. Or it might have been in the minus column, and there is a high possibility that the nominal growth rate swerved sharply toward a negative figure. The lack of a recovery in consumption that is one relevant factor. In a sense, it is more than natural because both nominal and real earnings of workers in the year 1994 did decrease. Furthermore, employment restructuring was under way, maintaining a high rate of unemployment. New employment can hardly be found. Investment in equipment and facilities actually fell nearly by 10 percent.

In other words, it is questionable whether the economy at present has recovered at all. It might have hit bottom, but a true picture must be that the economy has been alternately advancing and retreating.

About the mining and manufacturing industries previously pointed out to have made some progress, the actual contents of the increase are mostly intermediate goods — that is, semiconductors exported to the United States or components or parts for production abroad. They were not required to meet domestic demand. The requests came from abroad, not necessarily related to expanding domestic demand.

Another problematic factor is that business indices tend to lean heavily toward the manufacturing industry. More than 70 percent of the present economy, however, consists of non-manufacturing industries — services and other such areas have registered almost no increase in two to three years.

Inevitably, a considerably critical situation for fiscal 1995 is anticipated in this regard. A slight rise anticipated in business earnings registered little increase due to the extraordinary appreciation in the value of the yen. For that reason, stock prices are hovering at a very low level and real estate prices continue to go down. In the long run, in fiscal 1995 the economy is threatening to move from zero to negative growth, compelling the Japanese system itself to collapse in views of its bad loans and employment system.

[Nakamura] As you have pointed out, figures may indicate that the growth rate for fiscal 1994 ended at a very low level. As you mentioned in your discussion on the contents of production, increases have been registered in intermediate products. This sort of phenomenon has been noted in all past economic recoveries. The fact that they have increased may mean that the current recovery is not any different from past recoveries.

[Miyao] In the past, increases in end-user consumption goods and the non-manufacturing industry prevented the economy from plunging further and contributed to economic recovery. But the current pattern is different from that of the past.

[Nakamura] What I have outlined so far are facts.

[Miyao] No, you have a somewhat inaccurate perception of facts. This is important. An increase in consumption was expected in the mining and manufacturing industries, but it was not to be. From this I want to emphasize that a course for self-recovery has not yet been set.

Another point I want to make concerns the differences in public investment in fiscal years 1993 and 1994. In fiscal 1993, it grew by more than 13 percent and supported economic growth. Without it, the economy should have witnessed considerably negative growth. Meanwhile, public investment in fiscal 1994 grew by three percent, 10 percent lower than that of fiscal 1993. This difference should have pushed down the economic growth rate by more than one percent. The fact that the economy made a certain degree of recovery in fiscal 1994 even without the support of financing tells that the economy is coming back on its own.

[Miyao] Money was supplied in abundance to the Housing Loan Corporation, making the contents of housing investments actually look like the government is investing. In view of this, I do not think fiscal 1994 witnessed any self-improvement in terms of the previous year.

How To Look At Demands for Earthquake Restoration [subhead]

[EKONOMISUTO] How do you assess the effects of the great Hanshin earthquake?

[Nakamura] The sort of effects the earthquake brought were concentrated in the period from January to March. Moving production spots to other areas and the services of the export port from Kobe to other ports proceeded faster than expected. The Shinkansen Line was restored and resumed services. A slight delay is anticipated in future restoration work, but this means that restoration demands will continue for a long time to come. So there is no need of worry from the macroeconomic viewpoint.

Starting from this year, demands for restoration will emerge. Such demands are expected to amount approximately 10 trillion yen. In production, there were slightly negative effects during the January-March period, but these effects were erased during the April-June period by production in other areas. After the July- September period, the economy will witness positive effects brought about by restoration demands.

[Miyao] I take a pessimistic view that basically the great Hanshin earthquake will not create a net demand for restoration work as the situation stands now. Unless the central and local governments make drastic changes in their response, damage will grow as days go by, adding to the negative effect. As a matter of fact, a recent survey conducted by the Shoko Chukin Bank [Central Bank for Commercial and Industrial Associations] revealed that small and medium-sized industries in the Kinki area are far from enjoying growing demand resulting from restoration activities. The survey predicts an increase in the unemployment rate and in bankruptcies among small and medium-sized industries. In Kansai, a considerably large number of small and medium-sized industries depend on exports, and all of them have suffered great damage. In addition, a decrease in the number of tourists to peripheral tourist attractions has had great negative effects on service industries.

However, forecasts for demands for restoration derived from data center on manufacturing industries. Such data are greatly exaggerated because they are based on an assumption that restoration work will go on smoothly and were calculated by utilizing a multiplier effect based on previous days.

As you will see in Kobe when you go there, heaps of rubble are still left uncleared. An anticipated 10 trillion yen demand for restoration is based on the total amount required when all the houses and buildings are rebuilt. The buildings to be rebuilt are mostly houses, and housing debris has not yet been cleared. Two to three years are said to be required to clean them, and to say that sort of demand for restoration will emerge in July and August is totally unrealistic. On the contrary, the number of unemployed persons will rapidly increase and will have negative effects on non- manufacturing and service industries.

[Nakamura] I have been to Kobe myself and seen the horrible situation there. I have not said that the 10 trillion yen demand will arise during the July-September period or within this year, but I said that about three years are needed to come up with that figure. Certainly, industrialists are suffering from great damage and employment problems are causing troubles. For example, Daimaru's department store in Kobe was said to have laid off 1,400 employees, and the scale of layoffs at Sogo Department Store is said to have been even larger. I am also of the opinion that the economic balance sheet will deteriorate in the long run, and will not become positive. But restoration work is a must. Clearing out the rubble is also calculated as government consumption and will appear in the statistics as a part of the gross domestic product.

[Miyao] Restoration work is paid for only in terms of cost, is unprofitable, and has little far-reaching effect. While it is better to have work done than not, what I wanted to point out was that the damage to non-manufacturing industries and to small and medium-sized industries is having a negative cumulative effect that is growing day by day. It is a question of the comparative size of the effect. Background of the Yen Appreciation [subhead]

[EKONOMISUTO] Mr. Nakamura's estimates of this year's growth rates were made before the yen had made a series of moves in the direction of rapid appreciation. What effects do you think this rapid yen appreciation will bring about?

[Nakamura] At present, nations throughout the world are making adjustments in their dollar reserves to prevent the risk of holding too many dollars. When such adjustments end, a correction in the excessively high value of the yen and low dollar exchange rates will occur.

As the world nations have adjusted their holdings of dollar- valued assets to a lower level, the demand for dollars will decrease. As natural healing proceeds and the exchange rate returns to the level where it should be, it will be around the level of 90 yen, because the targeted yen exchange rates had been high for a long time.

[Nakamura continues] Even in such a case, Japan's volume of exports will continue to increase considerably. At an assumed rate of 92 yen per dollar, its export volume will show an increase by the latter half of four percent. Effect to GDP will be very small — 0.2 percent or 0.3 percent — when the rate shifts from the latter half to the first half of 90 yen level. Therefore, a two percent level of growth can be maintained if the exchange rate is stabilized at the level of 92 yen per dollar.

Such an assumption is based on the condition that the U.S. economy will make a soft landing, and I presume that it is heading toward a soft landing at a ratio of six to four or seven to three.

Although low in probability, a possibility of a hard crash cannot be denied. If U.S. business does not slow down and inflation increases, long-term interest rates, which have been kept at a low level, will probably increase. Then stock prices will dip suddenly and funds flowing back to the United States from Mexico will again flow out of the country, thus completely losing confidence in the U.S. economy or the North American Free Trade Agreement [NAFTA]. Then, it is conceivable that the exchange rate may float in the area between 70 to 80 yen per dollar.

Even in that case, however, it is considered that it will take a long time to adjust the volume of exports. In other words, dollar- based exports will increase to evade the effect of the furious appreciation of the yen, although the volume of exports may increase by only three percent. In this case, the trade surplus will continue to rise, despite an acceleration in the trend of increases in imports. It is a very bad situation in that the increased trade surplus will continue to add upward pressure on the yen rate.

Increased export earnings based on dollar settlements will yield less in net terms when converted into yen. From total export earnings, it is estimated that there will be a decrease in 3.4 trillion to 3.5 trillion yen. Enterprise earnings will be directly affected, a terrible thing. But in quantity terms, the effect will be minor, reducing the GDP growth rate by about one percent. This is the estimate for fiscal 1995.

If the exchange rate of about 80 yen per dollar is maintained after fiscal 1996, patterns in business investment will make an abrupt change and investments will rapidly be shifted overseas. Even small and medium-sized industries that have not been interested in operating abroad may change their investment patterns, thus hollowing out domestically.

[Miyao] There is no doubt about the U.S. economy making a soft landing. That is why the United States has almost no sense of crisis when faced with the current depreciation of the dollar. Therefore, it is not so simple that the rate will return to the rate of 90 per dollar. I myself think that the question must be dealt with as the matter concerning the yen, not the dollar.

As for the appreciation of the yen, it is necessary to review trends from about 1990 to the present, and not to look at the current extraordinary phase. In 1990, Japanese business was at its prime and the yen value continued to stabilize around 145 to 150 yen per dollar, reducing the ratio of GDP to the current account surplus to one percent. This was due to a considerable expansion in domestic demand, while exports decreased and high-priced goods were imported from abroad.

Since then, business has continued to slow down because of the depression caused by the so-called deflation of assets, contributing to the continued decrease in domestic demand. In spite of such pressures, the level of exports continued to increase, while the level of imports slowed down. Because of this, the trade surplus rapidly increased, pushing the yen value up without limit. With the appreciation of the yen, surpluses indicated by the dollar will increase further. In these terms, the situation concerning yen appreciation which has continued up until the present has been completely offset. The climax has been reached.

Therefore, this is an apparently question facing the Japanese economy as a whole. It must not be regarded as a question of policy focusing on foreign exchange only. Unless challenged with a sense of crisis to stop the downward trend of the economy since 1991 as a whole, the current question of yen appreciation cannot be solved. By the same token, there is a big risk that the exchange rate at around 80 yen per dollar will stay put unless drastic measures are taken.

If the 80 yen level — especially the lower half of the 80's — continues, most businesses will be unable to make both ends meet. Most non-manufacturing industries will suffer a decrease in profits if the rate is below 90 yen per dollar and manufacturing industries with sound management will lose ordinary profits if the exchange rate of the yen rate level for the lower half of the 80's is applied. Then, first of all, investment will suffer a very big blow.

One more thing I want to emphasize is the fact that the yen has steadily appreciated against the dollar, with almost no variation. This is due to the fact that the level of selling dollar holdings and purchases of yen by Japanese export businesses continued to rise in rapid succession. Japanese enterprises which are well-versed in the internal situation of Japanese economy know well that the appreciation of the yen would long continue, and yet they rush to sell dollars for yen. This is because Japanese enterprises have little confidence in their government.

[Miyao continues] For the present, an economic package was formulated to deal with the yen appreciation, but a package like this is simply "too little and too late." The recent package is aimed more at lessening pain than reversing the tide of the yen appreciation. For example, certain elements of measures to assist small- and medium-sized industries and to return profits arising from yen appreciation to the consumers actually mean approving higher prices to a certain degree and managing the economy through such a framework. What needs to be done is taking the first steps to return the yen value to the proper level. They are nothing but measures to expand macroeconomic domestic demand and measures to meet deflated assets.

In this connection, constitutional defects of the financial system are hampering a solution. For instance, ideas such as abolishing the taxes levied on stock transactions and reviewing the real estate tax system are not being considered by financial authorities because tax revenues will decrease. So, the authorities take aim at deregulation. The measure attempts to lead the general public to believe that the yen appreciation measure will reduce trade surpluses by the influx of imports. Here, it should be reminded what was said a moment ago — that the trade surplus will not decrease on such a great scale even if all Japanese regulations are abolished.

Deregulation should be done, but it will not amount to too much as a measure against the yen appreciation. Rather, it is recommended that domestic demand should be expanded to rebuild the Japanese economy from its foundation through macroeconomic policies. These policies should be carried out with the purpose of reducing the surplus, thus leading the yen toward a lower level of exchange. In that sense, the current measures are very insufficient, and there is a strong possibility that fiscal 1995 may become a year of crisis when the economy will go from zero growth to negative growth.

Shifting Abroad and Hollowing Out

[EKONOMISUTO] Now, will you make medium-range assessments?

[Miyao] If the current rapid shifts of production facilities abroad continue, there is little possibility of domestic investment in equipment and facilities throughout the end of this century.

[Nakamura] The percentage of overseas production by Japanese enterprises amounts to about six percent, considerably lower than that of the United States — approximately 30 percent. It is natural that it will increase as a trend. From this year, the population of productive age starts to decline and the potential labor force is going to decrease by about 0.3 percent. In other words, unemployment and potential unemployment are taken up as subjects of discussion today, but in the medium- and long-range future, Japan either has to accept foreign workers or increase imports of finished goods because of the continued decline in the number of workers. Therefore, in view of long-range demand and supply in the labor force, it is inevitable for businesses to go overseas.

A little while ago, I said Japanese exports are on the increase, but imports have increased even more. In terms of dollars, imports are increasing by 20 to 25 percent, while exports by 10 to 15 percent. Assuming that a 10 percent increase in exports and a 20 percent increase in imports continue for years to come, imports will catch up with exports in four years, and in the fifth year imports will surpass exports, sending the Japanese trade balance figure into the red. In that sense, there is a possibility that the Japanese trade surplus will not continue for a long time, contrary to general expectations.

If that assumption turns out to be true, it is possible that the value of the yen will depreciate to more than 100 yen, not 80 yen, per dollar. It is highly inconceivable that businesses' shifts to foreign countries will continue for a long time and on a large scale.

[Miyao] The reason behind Japanese enterprises' investing in foreign countries for the past four to five years instead of investing in Japan is not only that price factors are affected by yen appreciation, but also that in terms of market factors, Asia's annual net demand increases are assumed to reach nearly 10 percent.

Therefore, the medium- and long-range situation is more or less critical, which means that almost no investments, a key economy factor, will take place domestically. This happened in England in the distant past and in the United States a while back.

Another point I want to make is that Japan's hollowing out, in bad sense, has already affected high technology and financial services, although it is desirable for labor-intensive industries emerge in Asia in the midst of the natural transformation of the industrial structure.

It does not derive from the temporary reason for the yen's rapid appreciation. While Asian countries are strategically nurturing international financial markets, Japan is allowing its domestic economy to shrink. Although many people argue that transaction volumes will return if costs are reduced and restrictions are cleared, such arguments will not prove to be true if the market itself does not expand to produce profits.

Despite the high costs of maintaining business operations in Tokyo in the late 1980's, world financial organs flocked to Tokyo because they found business opportunities there. Therefore, in terms of policy, Japan is required to carry out comprehensive measures to stop its economic hollowing out and decline. The first step regards the question of how to bail the economy out of the stagnant situation at present.

[Nakamura] As you pointed out, it is important that the monetary capital market be revitalized, and that it be carried out by all necessary means. To revitalize or rebuild the Japanese industrial structure as a whole, deregulation is vitally important.

First Things To Do

[Miyao] Since you have brought the term "deregulation" to my attention, I would like to point out that the recent measures taken to counter the yen's appreciation featured shortening the deregulation time table from five to three years. However, it did not turn out to be a trump card. Although deregulation should take place, it can hardly be a positive policy.

What should be done now is probably a review of the tax system for stocks and real estate, and drastic measures should be taken to prevent the act of deflating assets to benefit from public funds. Without these actions, there is no hope for a recovery in business earnings, investments, or stock markets.

In the United States, as well as in Japan, there was a deflationary and stagnant economic situation revolving around assets and similar problems concerning bad debts. The United States solved this problem by first carrying out measures to overcome the savings and loan associations' bad debts, and then enacting looser financing policies. Under political leadership, such as the Committee of Industrial Competitiveness, it worked out a strategy to deal with the problems facing U.S. industries and businesses, thus providing them with a common consciousness.

Japan is probably approaching such a point. It should not only be engaged in such actions as praising "kakaku hakai" — literally meaning price destruction, lowering conventionally accepted prices so drastically. At the national level, it is necessary to engage in finding high value-added products in Japan, buying them, and allowing them to grow.

[Nakamura] The problem of bad debts is certainly a very grave matter. If the Nikkei Stock Average stood at 19,000 yen, our current bad debts could probably be resolved through latent assets and net profits, but it is a little difficult to dispose of them when the Nikkei's average stands at 16,000 yen.

Although this bad debt problem is a very grave matter for monetary organizations, it is better to separate it when considering business conditions. I am of the opinion that no demand for funds comes from a lack of demand, and it is not a problem for the supplier.

Due to the recent drastic dip in the value of stocks, monetary organizations, especially medium and small sized ones, seem to be very cautious when making loans. This is a little worrisome, but I do not think bad debts and a lack of money are causing the retarded business recovery.

When the demand for funds arises in earnest, it means that businesses are earning considerably large profits, and stock prices will rise. The problem of bad debts will become a little smaller, and thus, the bottleneck to funding supply will be loosened.

[Miyao] Nothing of the sort. In a broader sense, bad debts amount to 50-100 trillion yen. It is a matter of general knowledge that the problem is afflicting the economy as a whole with bad effects. Any way, the present Japanese economy is something like a patient suffering from a myocardial infarction or a malignant tumor. It is a vicious circle in that land prices go down, bad debts or latent losses expand, a deflationary and stagnant economic situation concerning assets takes place, and the worsening deflation causes a further decrease in commodity prices and rents, resulting in a further lowering of land prices.

The doctors diagnosing the problem are all quacks. Those in charge of policy making and economists are quacks, they know nothing about the sickness, and waste time making indecisive arguments.

To make an extreme argument, it is better to think that Japan, 50 years after the end of World War II, is suffering another economic defeat in its attempt to make a fresh recovery. I now think Japan, prior to that defeat, is in a position in which it is being assaulted by massive air raids and atomic bombs in the form of the great earthquake and the yen's rapid appreciation.

Murayama Notes 'Determination' on Resolution

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[FBIS Transcribed Text] Tokyo, May 31 KYODO — Prime Minister Tomiichi Murayama hinted Wednesday [31 May] he may break up a three-party coalition government if he fails to pass the proposed Diet resolution to mark the 50th anniversary of the end of World War II.

Murayama told Labor Minister Manso Hamamoto that he, as head of the Social Democratic Party (SDP) and the government, will have to face any failure of the resolution with "grave determination."

Political pundits said it is unclear if Murayama's remarks means immediate break-up of the coalition.

SDP Secretary General Wataru Kubo told reporters earlier Wednesday the coalition will face the critical situation if the ruling coalition fails to agree on the proposed war-renouncing resolution.

The resolution has become a thorn in the side of the ruling coalition of the SDP, the Liberal Democratic Party and New Party Sakigake as the partners seem unable to bridge the gaps over what should be included in the resolution.

Opponents of War Resolution Stage Rally

OW2905131595 Tokyo KYODO in English
1052 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Legislators, war bereaved and a number of foreign guests staged a rally Monday [29 May] to underline their opposition to a Diet resolution that may include some expression of remorse over Japan's invasion of neighboring Asian countries during World War II.

The "festival for Asian coexistence" at the Nippon Budokan Hall in central Tokyo drew a crowd of 10,000 including 76 incumbent legislators, according to its organizers, the National Committee To Commemorate the 50th Anniversary of the War.

The committee groups prominent scholars and critics and has the backing of Diet members' groups within the governing coalition Liberal Democratic Party (LDP) and the major opposition Shinshinto (New Frontier Party).

In his keynote address, Toshikazu Kase, head of the committee, dismissed the idea of a Diet resolution "that employs a special interpretation of history" as "inappropriate."

Kase argued that "Japan's fight during the great East Asian war has helped other Asian countries to independence since the war."

Shigeru Kasuya, a House of Representatives legislator from the LDP, which is the largest force in the three-party ruling coalition, suggested that a Diet resolution "should have a much more future- oriented content."

He said his party opposes adopting a resolution that puts the blame solely on Japan.

Seisuke Okuno of the LDP, a former education minister, insisted that "Japan did not fight the war against other Asian countries, but against (the allies from) Europe and the United States."

"As a result, Asia stood up against white supremacy and gained independence," Okuno said.

On Monday, two student groups and workers opposing the festival staged demonstrations, a protest rally and a symposium near Ochanomizu Station, about 1 kilometer from the festival site.

"The festival is glorifying (Japan's) war of aggression, while ignoring the atrocities that Japanese troops inflicted on Asian people during the war," the protesters said.

While a number of conservative members within the LDP oppose adoption of a Diet resolution expressing remorse for Japanese aggression during World War II, Prime Minister Tomiichi Murayama's Social Democratic Party is pressing for its passage to commemorate the 50th anniversary of the war's end before the current Diet session closes in June.

Chief Cabinet Secretary Kozo Igarashi, in declining invitations sent to him and Murayama, earlier told the festival's organizers to recognize that people in Asian countries are watching what they do.

Igarashi Renews Call for 'No-War' Diet Motion

OW3105105595 Tokyo KYODO in English
0942 GMT 31 May 95

[FBIS Transcribed Text] Tokyo, May 31 KYODO — Chief Cabinet Secretary Kozo Igarashi renewed his call Wednesday [31 May] for adoption of a Diet resolution to mark the 50th anniversary of the end of World War II.

The three ruling-coalition parties — Prime Minister Tomiichi Murayama's Social Democratic Party, the Liberal Democratic Party and New Party Sakigake — should recognize anew the importance of passage of such a motion, the top government spokesman said at a news conference.

The question of a proposed Diet declaration forms a key axis of the policy accord the three parties reached last June to launch the Murayama government, Igarashi said.

"This is the starting point of this cabinet, so to speak," he said, adding the government hopes the coalition parties will resolve their differences over specifics of such a resolution.

He made the comments after Murayama hinted earlier Wednesday that the governing union may collapse unless the three parties can come up with a substantial draft of a declaration expressing remorse for Japan's wartime aggression and colonial rule in other parts of Asia.

Kaifu Urges Adoption of Antiwar Resolution

OW2805083695 Tokyo KYODO in English
0747 GMT 28 May 95

[FBIS Transcribed Text] Gifu, Japan, May 28 KYODO — The chief of Japan's largest opposition party Sunday [28 May] urged the adoption of an antiwar resolution during the current session of the Diet that ends June 18.

"We must clearly show that Japan wants to continue as a peaceful nation on the basis of repentance over history," Shinshinto (New Frontier Party) chief Toshiki Kaifu said at a press conference.

The issue of a Diet resolution to mark the 50th anniversary of the end of World War II is now in the international spotlight as the ruling coalition has agreed on it but remains at odds over what to say.

Prime Minister Tomiichi Murayama's Social Democratic Party and New Party Sakigake are in favor of including in the resolution an apology to other Asian nations for Japan's wartime atrocities, but a group of conservative members of the Liberal Democratic Party opposes the idea.

Kaifu said at Sunday's press conference that the three parties within the coalition have the responsibility to adopt such a Diet resolution because it is the centerpiece of their policy agreement.

In Tokyo, former Prime Minister Yasuhiro Nakasone criticized the ruling coalition's plan to adopt an antiwar resolution in the current Diet session.

"It is inappropriate for the Diet to judge past history," Nakasone, a Liberal Democratic Party member, said during a lecture at his alma mater, Tokyo University.

Instead of a Diet resolution, the government should issue a statement Aug. 15, the 50th anniversary of the end of the war, Nakasone said.

The statement should reflect Japan's resolve toward making active international contributions, as well as its heartfelt condolences over all who died in the war, he said.

Sakihito Ozawa: 'No-War Resolution' Key Issue

952B0163A Tokyo GENDAI in Japanese May 95 pp 102-103

[Interview with Sakihito Ozawa by Yoshito Koeda: "'The No-War Resolution' Should Be Tackled With Readiness To Undergo a Political Realignment"]

[FBIS Translated Text] [Koeda] Since the ending of the Cold War, only economic frictions have been coming to the fore in Japan-U.S. relations, but yet there have been published successive reports stressing the importance of Japan-U.S. security arrangements such as the U.S. Department of Defense's "East Asian Strategic Report" and "Report on Japan-U.S. Security." Some experts point out that this stress contrarily has brought out in relief a change in the position of the United States which has shifted its emphasis to domestic affairs.

Moreover, the Cato Institute, an influential think tank, is currently advocating the annulment of Japan-U.S. security arrangements and the withdrawal of U.S. Forces in Japan. The United States' true intention is to reconsider security arrangements, is it not?

[Ozawa] I think that, as those reports say, the United States still recognizes that "the Japan-U.S. security arrangements are important." This is because international circumstances in Northeast Asia surrounding our country have not changed much although the U.S.-Soviet confrontation has disappeared and reductions in forces are being carried out on the European front. Of course, I know that there is a voice calling for the annulment of Japan-U.S. security arrangements and the withdrawal of U.S. Forces in Japan within the U.S. Congress as well. Traditionally, the nation called the United States has two feelings—the Monroeistic feeling and the feeling that it would like to perform the role of world police. Each of them becomes stronger or weaker, depending on the climate of the times. At present, amid the ending of the Cold War and a relative decline in the U.S. economy, an inward-oriented tendency has appeared in part. However, I do not think that this is a dominant trend.

[Koeda] Due to the termination of the Cold War, the role of the United Nations with the Security Council as its center is getting heavier. Under these circumstances, the orientation of Japan-U.S. security arrangements, too, is expected to change, is it not?

[Ozawa] When we read the Japan-U.S. Security Treaty, we will find the following passage in Article 10, the last article: "This Treaty shall remain in force until in the opinion of the Governments of the United States of America and Japan there shall have come into force such United Nations arrangements as...." I think that in future a UN standing force will become the nucleus of the maintenance of peace and order in the world. Japan-U.S. security arrangements, too, are presupposing this. However, the UN standing force conception has not yet been realized. In this sense, the significance and importance of Japan-U.S. security arrangements have not changed.

[Koeda] The issue of reducing Okinawa U.S. Forces became a topic of conversation at the Japan-U.S. summit meeting in January. Does this fact have nothing to do with the reconsideration of Japan-U.S. security arrangements?

[Ozawa] Amid an ongoing decline in the U.S. economic power, the United States always feels like lowering economic costs required to maintain its military. However, the base in Okinawa also has the important strategic significance of watching the entire Asia and Pacific region, that is, half of the world, so it would be improper to make a judgment based only on economic problems. This is because this region is important not only to Japan but also to the United States.

[Koeda] Militarily and also economically, China has become a great existence in Asia. Is there not a tendency appearing for the United States to attach greater importance to China than to Japan?

[Ozawa] In order for the United States and China to really join hands, it is necessary for them to recognize that they can have common values such as democracy and human rights. If realized, this will be a desirable situation for Japan as well, and there is no need for Japan and China to compete with each other to win the favor of the United States. As former Prime Minister Miyazawa often says, various problems are arising between Japan and the United States, but in their sense of values there are plenty of aspects they can share together, and this is has great merit. In this sense, it will still take a considerable time for U.S.-China relations to become like Japan-U.S. relations.

"No-War Resolution" Requires National Discussions

[Koeda] The handling of the so-called "no-war resolution" is likely to become the largest focal point in the latter half of the Diet session after unified local elections. Among ruling parties as well, the position of the Liberal Democratic Party and that of the Social Democratic Party of Japan differ greatly, do they not?

[Ozawa] In this chronologically significant 50th year of the postwar period, all people will favor the idea of expressing a determination to treasure peace for the future. As to whether a historic assessment should be put in the resolution or not, I believe that it should be. The recognition that we should not have fought that war must be mentioned in the resolution. However, this should be done in a manner that does not bind Japan's security policy. It is unreasonable for a sovereign nation to adopt a resolution saying that "we will not wage any kind of war."

At any rate, this question will become a major point at issue during a period from the ending of unified local elections to the upper house election, and it is desirable that the question will be discussed at the Diet openly with the involvement of the entire nation. The question should be perceived in a forward-looking manner with the consciousness that the resolution is drawn up as a reflection of the collective will of the nation. Even if opinion gets divided among political parties, I think it quite all right because it represents a policy argument.

[Koeda] Will the question possibly trigger the general election and become the prime cause of a political realignment?

[Ozawa] Setting the general election aside, the quesion is related to tackling the issue of peace, and in this respect I believe it will constitute one of the key factors inducing the realignment. I think it advisable to act with readiness to undergo such a development if necessary.

[Box, p 102]

Mr. Sakihito Ozawa: Born in 1954; ran for the Diet from the Japan New Party the year before last and was elected; he joined Sakigake [Harbinger] in August last year; he is a young critic on the security issue.

Murayama on SDPJ Meeting, Plan for New Party

OW2705100095 Tokyo KYODO in English
0928 GMT 27 May 95

[FBIS Transcribed Text] Tokyo, May 27 KYODO — The Social Democratic Party (SDP) adopted a manifesto and an action program at its extraordinary convention Saturday [27 May], paving the way for its transformation into a new party after the House of Councillors election in July.

At the start of the one-day convention at party headquarters, Prime Minister Tomiichi Murayama, chairman of the SDP, said, "Unless the (SDP) can achieve rebirth as a party unaffiliated voters can support, its future is not bright."

He also said the SDP should pursue "a third axis" separate from "the two conservative parties" — the Liberal Democratic Party, the largest force in the three-party ruling coalition, and the leading opposition party, Shinshinto (New Frontier Party).

The new party should place priority on "international cooperation and coexistence with peace, the environment and human rights as its basis in accordance with the constitution, social fairness and the democratic process," Murayama said.

He also said the SDP should make efforts to rally democrats and liberals, rather than simply adding one more name to the roster of political parties.

"It is also important that all SDP members take part in the process of creating the new party," Murayama said. The 1995 manifesto which replaced the new manifesto of 1986 deleted the word "socialism."

The document said the new party of democrats and liberals will be a "tolerant" citizens' party whose fundamental values are fairness, symbiosis, peace and creativity.

The manifesto called for diluting the military character of the Japan-U.S. Security Treaty, while strengthening political and economic friendship.

The manifesto said that although the constitutionality of the Self-Defense

Igarashi Assesses Murayama Administration

OW2605133595 Tokyo ASAHI SHIMBUN in Japanese 23 May 95 Morning Edition p 2

[Interview with Kozo Igarashi, chief cabinet secretary, by an unidentified ASAHI SHIMBUN reporter on 22 May; place not given]

[FBIS Translated Text] [ASAHI SHIMBUN] There have recently been statements, some made by business leaders, that the Murayama cabinet has outlived its usefulness.

[Igarashi] We have been able to do a lot in terms of the tasks that we originally anticipated. However, there are some new problems that remain to be tackled, such as the modernization and strengthening of the prime minister's office. Furthermore, the cabinet also has a historical role as the administration in the 50th year after the end of the war. In particular, the Diet resolution is a symbolic issue, and this will be the focus from now on. A new Asian policy is also important. The government still has a significant and special role to play during the transition from the 50th anniversary of the end of World War II to the 21st century.

[ASAHI SHIMBUN] There are criticisms against the prime minister's weak leadership and lack of crisis management ability.

[Igarashi] We entered the era of coalition after long years of administration by one single party, the Liberal Democratic Party [LDP]. The people asked for clean politics because cabinets had collapsed over scandals involving the prime ministers. Distrust of politics was at a peak. I think Mr. Murayama's honesty and political stance is one important factor in modern political leadership.

In a coalition government, coordination ability is also important. For people who want leadership as practiced by Mr. Nakasone (former prime minister) in the past or by Mr. Ozawa (New Frontier Party [NFP] secretary general), they may not understand, but Mr. Murayama is fully qualified as a leader in the new post-Cold War era of coalition.

[ASAHI SHIMBUN] The government is probably criticized for creating a political vacuum because no one knows where decisions are made and who makes them.

[Igarashi] I think the policymaking process of this cabinet is the most scrutable ever. Discussions are made at the tripartite policy coordination meetings and eventually, the consensus reached appears as the government's decision. Such a policy process starting from the bottom going up, and not meetings behind closed doors, is precisely the reason why the settlement of postwar issues, such as the Atomic Bombing Victims Relief Law, is making progress.

[ASAHI SHIMBUN] What are the pending issues for the administration?

[Igarashi] We hope to resolve the issues of the Minamata disease and of the comfort women, which have been put off for decades, during the term of the present administration. The Diet resolution on the 50th anniversary of the end of the war has to do with the very starting point of this administration. We stake the fate of the cabinet on settling this issue. With regard to new issues, an Asian-oriented foreign policy is necessary. There are also international issues such as economic policy, yen appreciation, and relations with the United States.

[ASAHI SHIMBUN] Are the bureaucrats not trying to keep distance from the administration?

[Igarashi] Are you saying you can have peace of mind if an alliance is formed with the NFP? I do not think that is true. It is a matter of course for relations between the government and the bureaucracy to change in the era of coalition, when the political regime may change anytime. From the bureaucratic point of view, they can now go back to the starting point of bureaucratic service, political neutrality, in the positive sense.

[ASAHI SHIMBUN] Do bureaucrats not prevail over politicians under the Murayama administration?

[Igarashi] The LDP is also present in this administration. They know the bureaucracy very well. Therefore, I do not think the bureaucracy can really lord it over us. In general, Japanese bureaucrats are honest, loyal to their jobs and hardworking. It is the job of the political authorities to give full play to such qualities. In this sense, I think it will be good to have a system in the prime minister's office to encourage more participation by politicians and private citizens.

[ASAHI SHIMBUN] Do you think the political attitude of the business sector has changed?

[Igarashi] The era when businesses donated political funds and made politicians work for their interests has ended. I think it is good to have a relationship of tension between the political and business sectors. Of late, the business sector is led by new leaders with social consiciousness. In that sense, sometimes these leaders are even better than labor leaders.

[ASAHI SHIMBUN] It is said that the role of the political authorities has diminished and that politics is in a state of stagnation.

[Igarashi] I think all politicians will admit that there is still room for improvement. The electoral system for the lower house has changed and politicians are inevitably greatly concerned about this. This calls for some soul searching. We need to think hard about the unprecedented increase in the number of citizens who "do not support any political party." They are critical of political parties and politicians, which they believe to be untrustworthy. It is also important to establish a political system which allows them to participate.

Mori Remarks on 'Transitional Cabinet' Reviewed

OW2605010395 Tokyo SHUKAN DAIYAMONDO in Japanese 27 May 95 p 15

[From the "Business Inside" column by Yoji Fukuyama]

[FBIS Translated Text] Now that the subway sarin incident has been temporarily concluded with the arrest of the Aum Shinrikyo leader, Shoko Asahara, the political situation seems to be entering a "post-Murayama" phase.

Yoshiro Mori, the Liberal Democratic Party [LDP] secretary general, commented during a speech: "The cabinet, in which the prime minister is not from the largest party, is a transitional cabinet; consequently, its ability to act is limited. That is what I heard from the prime minister himself." In response, people close to the prime minister are frantically asserting that "he is not at all considering resignation." But, once in motion, a wheel does not stop very easily.

As for the Social Democratic Party [SDPJ], to which the prime minister belongs, people are leaving the party one after another. Also in the LDP, a power struggle has begun, centered on selection of the next executive leadership group. All the conditions for another "June political change," like the one last year, appear to be present.

With great difficulty, Secretary General Mori sought to explain the true intention of his comment about the cabinet's being "limited," saying: "I talked about it not in terms of the prime minister's limitations but as a general theory concerning coalition governments." But he did comment further on the problems of the present government, noting that "as the three-party coalition has continued, the frustration of the Japanese people has been increasing." For this reason the comment was unmistakably a "totally careless slip of the tongue," according to a concerned LDP staff member.

At any rate, why did Secretary General Mori make such a controversial comment?

According to an observer in Nagata-cho, "Mori was preoccupied with his desire to remain as secretary general at the LDP convention in September. He had in mind a plan to bring about a simultaneous upper and lower house election, if possible. Then, using the LDP victory as a springboard, he would be sure to retain his position. He is by nature a simple person, and he unintentionally revealed his true intention."

As for the state of mind of Prime Minister Murayama himself, the main story in Nagata-cho today is that "more than once, the prime minister has mentioned a 'limit,' not only to Mori, but also to Construction Minister Koken Nosaka, Foreign Minister Yohei Kono, and Finance Minister Masayoshi Takemura. Especially after he came back from his visit to China, talk of a successor has definitely come up."

In that sense, Secretary General Mori's comment did nothing more than accurately convey the prime minister's state of mind.

But the move within the LDP to "bring down Mori" is getting stronger. Without doubt, for Secretary General Mori, the cost of his remarks turned out to be unexpectedly high.

SDPJ Convention Weighs New Party Plan

OW2705013795 Tokyo KYODO in English 0116 GMT 27 May 95

[FBIS Transcribed Text] Tokyo, May 27 KYODO — Prime Minister Tomiichi Murayama's Social Democratic Party (SDP[J]) [of Japan] opened an extraordinary party convention Saturday [27 May] to discuss an idea to revamp the party by remodeling the ailing SDP into a new party.

At the 62d convention, the party will also discuss its action program, and the 1995 manifesto which spells out the planks for forming a new party rallying "democrats and liberals," party officials said.

The one-day conference, which would pave the way for the SDP to be reborn as a new party, would mark the turning point of the party before the 50th anniversary of its birth in November.

After Murayama, also party chairman, addresses the opening, Secretary General Wataru Kubo is expected to announce a plan to establish a committee to prepare for a new party as early as June prior to the House of Councillors elections in July.

Some 400 participants, comprising Diet members, representatives of the party's local chapters and labor unions backing the party, will then discuss the action program, which places priority on establishing a new party before the upper house election, and the 1995 manifesto, the officials said.

Although a group of party members opposing the new party scheme is set to table its own proposal on the

1995 declaration, the convention is expected to endorse the program and manifesto presented by the party's leadership.

With the SDP losing its strength, Kubo, the SDP's No. 2 man, proposed last October an idea to create a new party by rallying democrats and liberals and absorbing the party itself into the new framework of the group.

Under the banner, former SDP Chairman Sadao Yamahana and other party members moved to establish a new party in January while the party had remained divided over the idea, but their attempt was aborted because of the massive earthquake, which reduced the major western port city of Kobe and surrounding areas to rubble, killing some 5,500 people.

In March, the party's policy-making Central Executive Committee drew up the 1995 declaration which forms the basis of a new party.

The SDP is currently teaming the ruling coalition along with its ideological archrival of the Cold War era the conservative Liberal Democratic Party (LDP), and New Party Sakigake, an LDP splinter party.

At the start of the convention at the party headquarters, Murayama said, "Unless the (SDP) can achieve rebirth as a party that can get support from voters with no affiliation with political parties, there would be no bright future for the party."

He also said the SDP should pursue "a third axis" separate from "the two conservative parties," — the LDP and leading opposition Shinshinto (New Frontier Party).

The new party should place priority on "international cooperation and coexistence with peace, the environment and human rights as their basis following the Constitution, and social fairness and a democratic process," Murayama said.

He also said the SDP should make efforts to rally democrats and liberals, discarding a thought that the existing SDP merely changes into a new party.

"It is also important that all the SDP members will take part in the process of creating a new party," Murayama said.

Some SDP members, including Yamahana, have submitted their resignations to the party.

Ruling Parties To Develop New Policy Accord

OW2905114795 Tokyo KYODO in English 0638 GMT 29 May 95

[FBIS Transcribed Text] Tokyo, May 29 KYODO — The three ruling coalition parties decided Monday [29 May] to clarify their agreed joint policies in a new coalition agreement before a summit of the Group of Seven (G-7) economic powers opens in Canada in mid-July, coalition officials said.

"It is necessary to make clear our government's future policies," Prime Minister Tomiichi Murayama told a meeting of coalition leaders earlier Monday.

"I would like to have our policy tasks specified and policies clarified," he added, alluding to issues coming up for deliberation during an extraordinary Diet session in autumn and the drafting of next year's budget.

Murayama said he wants policy-makers of his Social Democratic Party, the Liberal Democratic Party and new party Sakigake [Harbinger] to work out by around July 10 the proposed new agreement that is to replace the one that led to the formation of the tripartite coalition government last June.

With the new agreement, the coalition also hopes to enhance its voter appeal in the July House of Councillors election.

Ozawa Backs 'Save-the-Nation' Cabinet Idea

OW2705010995 Tokyo SANKEI SHIMBUN in Japanese 23 May 95 Morning Edition p 2

[FBIS Translated Text] Speaking about the emerging view within the New Frontier Party [NFP] on the need to form a "pannational save-the-nation cabinet" to tackle long-term national issues like industrial restructuring, NFP General Secretary Ichiro Ozawa said on 22 May that his party is willing to respond positively should the ruling parties ask for cooperation in this regard.

Speaking to reporters in the Diet, Ozawa said: "Japan cannot be sustained by the government parties' current actions. We are willing to cooperate with them if they come up with appropriate subjects and targets." Asked when a "save-the-nation cabinet" could be formed, he replied: "That is something for the majority ruling parties, which are responsible (for governance), to think about."

He then added: "If the majority parties in the Diet think about nothing but remaining in power, the existing power structure (the coalition of the Liberal Democratic Party and the Social Democratic Party of Japan) will continue until the term of the lower house expires in 1997. There is nothing we can do about it. That is democracy."

New Party To Group Sports, Cultural Figures

OW3005123895 Tokyo KYODO in English
1156 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Prominent people in the sporting and cultural fields set up a preparatory group Tuesday [30 May] to form a new political party to field 10 to 15 candidates in the July House of Councillors election, their representatives said.

The group, called "Sawayaka Kokumin Kaigi (Refreshing National League)," is jointly led by Tetsuharu Kawakami, former manager of the Yomiuri Giants baseball team, and Sukenaga Murai, former president of Waseda University.

"We hope to develop this group into a comprehensive sports think tank and to send people to the Diet to realize our policies," Kawakami told a press conference accompanied by Murai.

"It's impossible to expect the existing parties to realize policies for border-free mutual understanding and cooperation," Murai said.

There is already a party consisting of sports people, called the Sport Party.

Kawakami and Murai said they could cooperate with the Sport Party in the future.

Reactions to New SDPJ Party Plan Viewed

OW3005121695 Tokyo ASAHI SHIMBUN
in Japanese 28 May 95 Morning Edition p 3

[FBIS Translated Text] There are various reactions to the recent Social Democratic Party of Japan [SDPJ] convention.

Yoshiro Mori, Liberal Democratic Party [LDP] secretary general, officially gave high appraisal to the results, saying: "The SDPJ convention decided on rebirth as a new party. We expect the party to make great advances." However, a prevailing view within the LDP is: "The next general election under a new electoral formula will create a two-party system or one huge political party whether one likes it or not. Thus, there is little possibility that the new party to be formed by the SDPJ will survive" (according to a top LDP official). Some LDP executives have begun to say: "During the past two years, political attention was focused on what policies the SDPJ would choose. However, from the latter half of the year, the political circles will move while ignoring the SDPJ."

Acting Sakigake [Harbinger] representative Shusei Tanaka said: "I hope the SDPJ will be reborn as a future-oriented party." The SDPJ expects that Sakigake will join the new party it plans to form. However, many Sakigake members are cautious about tying up with the SDPJ.

On 27 May, former Hokkaido Governor Takahiro Yokomichi, who SDPJ Secretary General Wataru Kubo considers a candidate for the head of the new party, spent time in Sapporo, where his residence is. He said: "A new party will not be formed without the SDPJ. I intend to cooperate." However, he added: "Without coordinating views on the new party's history and constitution, the SDPJ abruptly asked me to participate in the new party's preparatory committee. I really do not know what to do." In this way, he took a cautious attitude in joining the preparatory committee.

Former SDPJ Chairman Sadao Yamahana appeared to be anxious about the convention because he was the first to propose holding an extraordinary party convention. At the Diet members' office building, he received a call from an intimate lower house member and was informed of the results. Later, he said: "Finally, our assertion has become an official party policy. However, it will not be easy to map out a detailed strategy for forming a new party."

North Korea

'Deadlock' in Nuclear Talks With U.S. Reported

BK3105091095 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 31 May 95

[FBIS Transcribed Text] Grim-faced U.S. delegates have left their latest round of nuclear talks with North Korea in Kuala Lumpur after less than 30 minutes in what could be a sign of stalled talks.

Head of the U.S. delegates Thomas Hubbard said both sides are not making any progress. He told reporters this as he left the North Korean Embassy. He said both sides are expected to continue their discussions in the federal capital and they will be meeting later again.

North Korean delegate spokesman Chung Sung-il, also looking serious, said the talks would continue but that he did not know when.

The current deadlock is over North Korea's refusal to accept safer nuclear power plant made by rival South Korea. Replacement reactors are the key elements in the landmark U.S.-North Korea agreement that seeks to remove fears of nuclear arms development by North Korea.

Foreign Minister on U.S. Talks, ROK Reactors

SK3105044695 Pyongyang KCNA in English 0426 GMT 31 May 95

["Foreign Minister Kim Yong-nam on DPRK-U.S. Talks" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — Vice- Premier and Foreign Minister Kim Yong-nam referred to the DPRK-U.S. talks, answering questions put by reporters when he arrived in Teheran on May 29 for a visit to Iran.

He said: "We pay attention to what country's technology and design the light water reactors [LWR] are based on. We do not give importance to where and in what place the LWRs are manufactured.

"The United States insists on providing the DPRK with the LWRs, attaching other's label to them though they were manufactured with the U.S. technology and design, and South Korea maintains that she will offer to the DPRK the LWRs, manufactured on the basis of the U.S. technology and design, by naming them South Korean model.

"We are opposed to such an unjustifiable stand. There is no South Korean-model light-water reactor, and it is hard to find out even its shadow."

In his statement upon arrival, Kim Yong-nam said, "We are visiting Iran proceeding from the promise we made long ago with each other and, moreover, motivated by the will to cope positively and jointly with the new situation.

"During our current visit, we are going to meet Iranian leaders of various circles, to share broad views on developing the present relations between the two countries and deepening substantial cooperation in various domains in the future," he said.

Paper Urges U.S. To Set Up New Peace Mechanism

SK3105053595 Pyongyang KCNA in English 0500 GMT 31 May 95

["NODONG SINMUN Calls for Replacement of Armistice With Peace System" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — NODONG SINMUN today defines the replacement of the state of armistice with a durable peace system as a prerequisite for peaceful reunification in the 1990s.

The paper in a by-lined article says:

To replace the armistice agreement with a peace agreement and establish a new peace mechanism is an important way of preventing the danger of war on the Korean peninsula, preserving a lasting peace in the country and defendine the security of the nation.

Nothing is more urgent than the establishment of a peace mechanism on the Korean peninsula. It is high time both the DPRK and the United States sincerely discussed this issue and sought a solution.

Establishment of a peace mechanism on the Korean peninsula is beneficial to the United States and conforms to the trend of the international situation.

The U.S. insistence on the present state of armistice, a leftover of the cold war era, shows that it has no intention of removing the tension, preventing war and preserving peace on the Korean peninsula and that there is no change in its policy of "strength" aimed at isolating and stifling the DPRK.

It is the United States that has shipped large quantities of weapons to South Korea and is increasing the tension; it is also the United States that holds the military operation control and acts like master in South Korea; and it is also the United States that has turned the armistice agreement and the Military Armistice Commission into nominal ones.

The issue of replacing the state of armistice with a peace system must be solved by the DPRK and the United States which are signatories to the armistice agreement and hold the real powers to preserve peace on the Korean peninsula.

The United States must no longer ignore the issue of establishment of a new peace mechanism. It must clearly see the trend of the world toward detente following the end of confrontation between the east and the west as well as the situation on the Korean peninsula and help toward the preservation of peace.

Radio Talk Urges New 'Peace System' on Peninsula

SK3005125295 Pyongyang Korean Central Broadcasting Network in Korean 0654 GMT 30 May 95

[Unattributed talk: "Establishing a Peace System on the Korean Peninsula Is a Pressing Issue That Cannot Be Further Delayed"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught: In order to alleviate tension and eliminate the war threat from our country, the Armistice Agreement must be replaced with a peace agreement.

Replacing the Armistice Agreement with a peace agreement and establishing a new peace arrangement will impede the reinforcement of armed forces and the reoccurrence of war on the Korean peninsula. It is an issue concerning the reunification of our country and an important link to maintaining and consolidating peace in Asia and the rest of the world.

The government of our Republic has consistently worked to check military showdowns and war, and has worked to achieve peace and the peaceful reunification of the Korean peninsula. The issue of replacing the Armistice Agreement with a peace agreement in our country is a pressing one that cannot be further delayed and must be resolved at the earliest date. The Armistice Agreement is every inch an agreement to stop the fighting, and not a durable peace.

As stipulated in the agreement, the Korean Armistice Agreement spells out that a plenary session must be convened within three months and necessary steps must be taken to restore the peaceful situation. However, the preliminary talks for the Korean political meeting and the Geneva foreign ministers' meeting for the peaceful settlement of the Korean question were aborted by the United States. The unstable armistice system in our country has continued for 40 years. This is concerned with the hostile U.S. policy toward the DPRK.

Today's situation raises as a pressing issue the establishment of a peace system on the Korean peninsula, an issue that should not be further delayed. Nowadays in South Korea, war exercises aimed at a northward invasion take place one after another. In addition, various kinds of modern weapons such as missiles, planes, tanks, armored cars, and armed helicopters are being brought into South Korea and deployed in areas along the Military Demarcation Line. Because of this, the danger of war grows greater on the Korean peninsula with each passing day, and the tension ceaselessly mounts. This proves the Armistice Agreement cannot play the role of an institutional device to check the aggravation of tensions and the danger of war.

All this shows that peace and security on the Korean peninsula cannot be guaranteed without the replacement of the Armistice Agreement with a peace agreement and the establishment of a new peace system that replaces the current armistice mechanism.

Proceeding from this, the government of our Republic has set forth a proposal to establish a new peace system, and has already taken positive measures toward this. The Government of our Republic has summoned our staffs from the Military Armistice Commission [MAC] and has established a Panmunjom representative of the Korean People's Army. Supporting our proposal for peace, the PRC has withdrawn its delegation of the Chinese People's Volunteer Army from the MAC and summoned the delegation home.

The DPRK-U.S. agreed framework was adopted and has taken effect between us and the United States. The DPRK-U.S. agreed framework is a milestone for resolving the nuclear issue on the Korean peninsula and for developing DPRK-U.S. relations. This is an important document guaranteed by the leaders of the two countries.

Today, the world's people call for the realization of a durable peace system on the Korean peninsula at an early date. However, the United States invariably pursues hostile relations and clings to maneuvers to crush the Republic. In a report recently released by the U.S. Defense Department, conservative forces in the United States babbled that the 100,000-strong U.S. forces in the Asia-Pacific region, including those in South Korea, should continue to be deployed, and that the United States and South Korea will take decisive countermeasures in the event signs are detected showing a so-called southward invasion is imminent. They also babbled that the U.S. Forces will still be maintained in South Korea even if we completely renounce our nuclear development.

This is tantamount to withdrawing its plan to pull back the U.S. Forces from South Korea and Japan, and shows the United States still pursues a military showdown on the Korean peninsula and the ambition to dominate Asia militarily, even though the Cold War has ended.

However, it is a foolish daydream if the United States attempts to settle the problem with us by means of strength. Strength is not a solution to everything, and furthermore, will never get through to our people who value independence as their life. Nothing can be gained by the United States by the means of strength. Especially, it is nothing but a wild dream to realize now, after the lapse of 40 years, what was not attained in the Korean war.

The United States should deliberate upon the evil effect that will be brought about before it clings to its reckless military maneuvers to crush us. When the United States renounces its hostile policy against us and accedes to our proposal on establishing a new peace system, only then will abnormal, hostile relations between the DPRK and the United States be resolved and relations of confidence be built, thus resolving the Korean issue and realizing a durable peace in this region. This also corresponds to the interests of the United States.

The United States should give up its anachronistic concept of confrontation and its war minded-psychology, and should immediately respond to our proposal on peace negotiations.

CNN Delegation Leaves Pyongyang for U.S.

SK3105061795 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 May 95

[FBIS Translated Text] Tom Johnson, president of the U.S. Cable News Network [CNN], and his delegation left Pyongyang for their country by plane today. Functionaries of the sector concerned saw the party off at the airport.

ROK Women's Groups Lodge 'Protest' With U.S.

SK3105102695 Pyongyang KCNA in English 1020 GMT 31 May 95

["S. Korean Women's Organisations Lodge Protest With U.S. Forces Commander" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — Women's organisations including the Federation of Women's Organisations of South Korea lodged a protest on May 27 with the commander of the U.S. Forces present in South Korea against the recent atrocities of U.S. soldiers, a radio report from Seoul said.

The women's organisations warned that they would no longer overlook the U.S. soldiers' violation of human rights including sexual dalliance and violence against South Korean women.

They demanded the humiliating South Korea-U.S. "Status-of-Forces Agreement" be revised lest outrages against women should recur.

Kim Yong-nam: ROK-Style Reactors 'Nonexistent'

SK3005152995 Pyongyang Korean Central Broadcasting Network in Korean 1303 GMT 30 May 95

[FBIS Translated Text] Kim Yong-nam, vice premier and foreign minister, and his entourage arrived in Tehran by plane on 29 May to visit Iran. The national flags of the DPRK and Iran were hoisted at the airport.

Greeting the foreign minister and his entourage at the airport were the Iranian foreign minister, functionaries of the relevant sectors, the Iranian ambassador to the DPRK, the DPRK ambassador to Iran, and personnel from our embassy.

Foreign Minister Kim Yong-nam issued an arrival statement.

In his arrival statement, Kim Yong-nam said he was glad to again witness the scenes of the Iranian people's struggle to solidify the gains of the Islamic revolution and accelerate the rehabilitation of the country, noting: Relations between the DPRK and Iran are as close as ever, and the people of our two countries are consistently cooperating for the sovereignty of the country and for the common cause of Asia. Today's situation connects the people of our two countries more closely.

He continued: We are visiting Iran because we promised to visit long ago, and are prompted by the desire to jointly cope with the newly prevailing situation. During our visit, we will meet the Iranian leaders of various quarters and have extensive exchanges of views on the present relationship between the two countries and on the deepening practical cooperation in various fields in the future.

Kim Yong-nam added: We are convinced that with the Iranian Government's deep interest, the meetings and talks with our Iranian friends will be held successfully and our visit to Iran will bring satisfactory results.

The Foreign Minister then answered reporters' questions.

Kim Yong-nam first noted that through his visit to Iran, the DPRK intends to promote their excellent and warm friendship, to deepen their cooperation of solidarity, and to consider practical joint measures to cope with the prevailing international situation between the DPRK and Iran.

Referring to the DPRK-U.S. talks, he stated: We are paying attention to on which country's technology and design the light-water reactors are based. We do not care where and in what place the light-water reactors are manufactured [urinun kyongsuroga odiso onu changsoeso chejak toeonnungae taehaesonun kaeuichi annunda].

The United States said it will hand over to us light-water reactors that it manufactured based on its own technology and design, and will give it another's name. South Korea says it will give its name to the light-water reactors, which are based on U.S. technology and design, and will hand them over to us.

We are opposed to this unjust position. The so-called South Korean-style light-water reactors are not only nonexistent, but we can hardly even find their shadow [namjosonche kyongsuroranun kosun opssulppun anira, kurimjajocha chajabogi oryoptta].

Meanwhile, the Iranian foreign minister told the reporters at the airport:

Today, the friendly relationship between Iran and the DPRK is developing continuously. The DPRK foreign minister's visit to Iran demonstrates that Iran has the closest and intimate relations with the DPRK. When we experienced the trials of war in the past, it was the DPRK that stood closest to us.

During the time of postwar rehabilitation, bilateral relations between the two countries developed comprehensively; in the international arena in particular, the two countries supported and cooperated effectively. The friendly cooperative relations between our two countries are very fraternal and productive. During the DPRK foreign minister's visit, we will exchange views on the existing friendly relations between the two countries and on matters of mutual concern.

Ambassador on 'Falsity' of ROK-Style Reactor

SK3005151395 Pyongyang Korean Central Broadcasting Network in Korean 1310 GMT 30 May 95

[FBIS Translated Text] On 29 May, a news conference was held at our country's embassy in Russia regarding the fact that some subservient media are filing distorted reports and making guesses in their own fashion, concerning the DPRK-U.S. talks currently taking place in Kuala Lumpur, the capital of Malaysia.

Placed in front of the news hall were portraits of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il.

Participating in the news conference were functionaries of the press and reporters from news agencies and broadcasting stations in Moscow.

Son Song-pil, our country's ambassador to Russia, spoke at the news conference. While exposing the falsity [howisong] of the South Korean-style light-water reactors, the ambassador pointed out that mass media and atomic experts from the world's various countries have already unanimously revealed there is no such thing as a South Korean-style light-water reactor.

He stated as follows: Speaking about South Korean-style light-water reactors, they are entirely light-water reactors from the United States, its suzerain state. How can such a thing as light-water reactors, which require ultramodern techniques and high stability, be built in South Korea where mammoth accidents that invoke the world's shock frequently occur due to its lack of techniques and ability to build even basic concrete structures such as bridges?

Such things as South Korean-type light-water reactors, which suddenly appeared as the issue of supplying light-water reactors to our country was taken up, is a term developed by the United States and the South Korean puppets in a far-fetched manner.

Either U.S. attempts to display the cow's head but sell the lamb's head [display an expensive good but sell a cheap good], or the traitor Kim Yong-sam's bluff to belch in a haughty manner after drinking a mudfish soup [act as if something is better than it really is], cannot succeed.

It is clear as day that their assertion to cover U.S. light-water reactors with a South Korean hat and to hand them over to us is aimed only at insidious political purpose [pulsunhan chongchijok mokchok]. The United States should clearly realize their hat-changing trick will not succeed.

If the DPRK-U.S. talks, which have been finally prepared, fail to see any fruition due to such unworthy [pulmisuroun] things, the only one who will become more destitute and lose justification will be none other than the United States.

After this, he answered questions raised by reporters.

Further on Ambassador's Comments

SK3105044095 Pyongyang KCNA in English 0421 GMT 31 May 95

["U.S. Side's 'Changing of Brand' Will Never Work" — KCNA headline]

[FBIS Transcribed Text] Moscow, May 29 (KCNA) — DPRK Ambassador to Russia Son Song-pil, called a press conference on May 29 and disclosed the falsity of the "South Korean model light-water reactor [LWR]", as regards the wrong reports of some subsidized press on the on-going DPRK-U.S. talks in Kuala Lumpur.

Noting the mass media of different countries and the atomic energy specialists have already stated that the "South Korean-model light-water reactor" does not exist in the world, the ambassador said:

As for the "South Korean model LWR," it is the one of the United States, a suzerain state.

For the lack of enough technology and ability to build such an elementary concrete structure as bridge on its own effort, South Korea produced one extra-large accident after another, astonishing the world. How can South Korea make such light-water reactors demanding high-tech and safety?

The "South Korean model LWR" was made abruptly by U.S. side and the South Korean puppets when the issue of provision of light water reactors to the DPRK was put on the order of the day.

Neither the U.S. attempt to sell mutton with an ox's head hung nor the traitor Kim Yong-sam's bluff of drawing the long bow can work on others.

It is as clear as noonday that their persistent attempt to provide the DPRK with the U.S. light-water reactors with South Korean brand is aimed at a sinister political purpose.

The U.S. side must clearly understand that the "changing of brand" does not work on others.

It is only the United States which will be thrown into discomfiture and lose its qualification once the current DPRK-U.S. talks arranged with so much effort ended fruitless for such undesirable acts.

KCNA Cites Foreign Support for Reactor Stance

SK3005101895 Pyongyang KCNA in English 1013 GMT 30 May 95

["U.S. Should Provide Pyongyang With Most Feasible LWRs" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — World public circles are voicing support to the principled stand of the Democratic People's Republic of Korea as regards the light-water reactor [LWR] issue.

Chairman of the All-India Freedom Fighters Association Sil Badraji [spelling of name as received] in a statement issued to the press May 25 said the United States should discard an obsolete mode of thinking and take a measure to provide Pyongyang with the most feasible light-water reactors.

"Socialist Korea has the right to opt for light-water reactors whose model is suitable to its specific conditions," he said, and added: "It is as good as an open pressure and blackmail on an independent sovereign state to compel Pyongyang to accept the non-existent 'South Korean-model light-water reactors' already refused by it."

O.H. Makinda [spelling of name as received], chief of a department of the Dar-es-Salaam Teachers' College of Tanzania and secretary general of the Group for the Study of the Chuche Idea of the college, in a press statement said the U.S. is insisting on the provision of "South Korean-model light-water reactors" in order to increase its pressure and blockade against the DPRK, stamp out the socialist Korea and augment its aggression forces in South Korea.

The Russian paper PATRIOT said South Korea has not manufactured even an atomic reactor by itself until now. The "light-water reactor of South Korean model" is a ghost, it stressed.

Reunification, Religious Groups Denounce South

SK3005044395 Pyongyang KCNA in English 0430 GMT 30 May 95

["Move To Check August 15 Festival Condemned" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The North side headquarters of the National Alliance for the Country's Reunification (Pomminnyon), the Central Committee of the Korean Catholic Association and the Central Committee of the Korean Buddhists Federation sent letters to the South side headquarters and overseas headquarters of Pomminnyon, the Catholic Central Council, the National Roman Catholic Priests' Group for the Realization of Justice, the Catholic Lay Apostolate Council, the Council of Buddhists for the Promotion of the Peaceful Reunification of Country and the National Federation of Buddhist Movement of South Korea, with regard to the move of the South Korean authorities to check the national reunification festival for celebrating the 50th anniversary of national liberation.

Charging that the Kim Yong-sam group is resorting to the more vicious anti-reunification and anti-national moves under the absurd pretext of "safety of participants" and "political use," the letters denounced the South Korean authorities' move as a last-ditch effort of those forsaken by the nation and an anti-national criminal act to stamp out even the spirit of reunification.

The letters expressed the hope that all movement organizations in South Korea and overseas will actively turn out in the struggle for resolutely frustrating the criminal moves of the separatist forces to block the August 15 grand national reunification festival and adorning the upcoming festival as a historic milestone for attaining national reconciliation and unity with the patriotic will for reunification and concerted efforts.

KCNA Denounces South for Penalizing Religionists

SK3005043895 Pyongyang KCNA in English 0425 GMT 30 May 95

["Criminal Act" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The Kim Yong-sam group on May 25 demanded a penalty of three years' imprisonment each on leader of Taejonggyo An Ho-sang and chairman of the National Council for Reunification and Restoration Kim Sonchok of South Korea for the mere reason that they visited Pyongyang last April, a radio report from Seoul said.

The fascist outrage is an open crackdown on free religious activities of believers of national religion, a challenge to the fellow countrymen's desire for national reconciliation, unity and reunification and an unpardonable crime.

During their stay in Pyongyang, An Ho-sang and Kim Son-chok visited the tomb of King Tangun, the founder of the Korean nation, and consulted with religionists in the North about how to make an active contribution to national unity and reunification. This is beneficial to national reconciliation, unity and reunification and can never be incriminated.

The Kim Yong-sam group, however, demanded a penalty of imprisonment on them by invoking the "Law on South-North Exchange and Cooperation," a variant of the "National Security Law." This is an expression of their policy of confrontation and a hostile act against the DPRK.

Each time the believers submitted an application for visit to Pyongyang, the puppets dismissed it. Now they brand the believers' visit as "illegal."

This clearly shows that the Kim Yong-sam group are a gang of traitors and fascists who block the improvement of North-South relations and mercilessly lacerate the faithful feelings of believers.

Kim Yong-sam Denounced for 'Suppressing' Labor

SK3105111395 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 30 May 95

[Commentary by Yu Pyong-son: "Barbarian Violence by the Civilian Fascists"]

[FBIS Translated Text] According to reports, at dawn on 28 May, the puppet Prosecutor's Office committed fascist violence by extensively searching the houses of 13 leaders of the South Korea Telecom labor union, including that of the union chairman, and the union's offices. In the search, it confiscated documents on union fees, lists of union members, and equipment for demonstrations. This is another brutal and violent act disclosing the violent antidemocratic colors of the civilian fascist maniacs.

The brutal suppression of the labor movement by the Kim Yong-sam fascist clique has reached a highly reckless stage these days in South Korea. As is known, at dawn on 19 May the Kim Yong-sam fascist clique sent approximately 1,000 puppet police to the Hyundai Motors Company in Ulsan and took away all the approximately 300 workers who were staging an all-night sit-in for the right to exist.

The rascals have been more viciously suppressing the strike by the South Korean Telecom workers. As reported, on 16 May approximately 400 telecom workers waged an all-night sit-in in protest of the company's unjust decision to fire or harshly discipline approximately 60 union leaders who carried out rightful labor activities; 56,000 union members across South Korea strongly denounced the authorities' maneuvers and decided to expand their protest.

Taken aback, on 19-20 May the traitor Kim Yong-sam in person called the just struggle by the telecom labor union an attempt to overthrow the state and a plot to rebel, and issued violent orders to harshly punish union members. Needless to say, under the traitor Kim Yong-sam's uncouth orders for violent suppression, the puppet Prosecutor's Office perpetrated violent searches and seizures against the houses of union members and the union's offices.

The Kim Yong-sam clique is suppressing the labor movement far more viciously and violently than did the military fascist dictators of the Fifth and Sixth Republics.

The Kim Yong-sam fascist clique is frantically suppressing the labor movement like a wolf. The brutal fascist suppression of the telecom labor union by the Kim Yong-sam clique graphically shows that it is frantically engaged in suppression, completely discarding the signboard of a civilian regime and disclosing its blood-stained fascist colors.

The Kim Yong-sam clique, which brutally suppressed the workers' struggle for the basic right to exist by invoking the emergency coordination right, is now bestially suppressing the struggle on charges of plotting rebellion. Public opinion at home and abroad is astonished by this.

The Kim Yong-sam clique engaged in bloody efforts to make wholesale arrests and committed fascist violence by taking away numerous telecom union leaders and workers.

With local elections just around the corner, the Kim Yong-sam clique is mercilessly suppressing the labor movement in order to create a new political situation dominated by security affairs and prevent the workers' ever-intensifying struggle from expanding into an antigovernment struggle. However, this is not a display of the strength of the powerful, but a mere false show of the strength of the weak.

Due to its policy failures at home and abroad, the Kim Yong-sam clique is being discarded by the workers, peasants, youth, students, intellectuals, and South Koreans from all walks of life who face a serious ruling crisis that cannot be resolved.

The Kim Yong-sam clique is desperately engaged in fascist suppression to escape from the daily worsening crisis under its rule. However, this is a mere foolish maneuver. The Kim Yong-sam civilian fascist clique is a mere living corpse whose destiny has ended.

Just like a puppy that knows no fear of a tiger, the Kim Yong-sam clique recklessly wields fascist batons. However, this will invite greater resistance from the workers. The time has come when the 10 million South Korean workers will make an example of the Kim Yong-sam civilian fascist clique. The South Korean working class must clearly show the Kim Yong-sam civilian fascist clique how powerful its iron fists are. The day is just around the corner when the Kim Yong-sam clique will meet its shameful end in the flames of the violent resistance of the workers and South Koreans from all walks of life.

VNS Praises Kim Chong-il for Japan Talks

SK3105102095 Pyongyang KCNA in English
1013 GMT 31 May 95

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — South Korean people lift up voices lauding the great leader Comrade Kim Chong-il in the wake of the adoption of the agreement for resumption of the DPRK-Japan talks, the Seoul-based radio Voice of National Salvation [VNS] reported.

A university professor in Seoul, Chong Yun-song, said:

"The adoption of the agreement at the talks between the North and Japan is a fine fruition of the great insight and far-seeing wisdom of General Kim Chong-il.

"The world public are lost in admiration for General Kim Chong-il, who has fully inherited the great political leadership ability, outstanding political sense and tested diplomacy of respected President Kim Il-song.

"The great General Kim Chong-il is, indeed, an elder of world politics in that he pursues independent diplomacy to save the world filled with fierce diplomatic scrambles and sets a world model with refined diplomacy."

Im Song-min, member of a dissident organisation, said:

"An agreement fully reflecting the demands of the North was adopted at the talks between the North and Japan. This great diplomatic event is a result of the tested political leadership ability of the great leader Kim Chong-il, the supreme authority in modern politics. This important international event awakened people."

A member of the Seoul city "assembly" surnamed Kang said:

"The success at the talks between the North and Japan is a victory of General Kim Chong-il's great idea of independence.

"Led by the great General Kim Chong-il, the North is famous worldwide as a powerful state with the idea of independence and a model of independent politics and independent diplomacy.

"It is the nation's highest honour to have such a distinguished man as General Kim Chong-il in the centre of world politics with the 21st century near at hand. It is a great event promising a bright future of humankind."

WPK Urges Durable Peace Effort in Asia, World

SK3005102095 Pyongyang KCNA in English
1009 GMT 30 May 95

["Struggle for Durable Peace in Asia and World Called For" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — NODONG SINMUN in a by-lined article today stresses that the Central Committee of the Workers' Party of Korea [WPK] called for waging a struggle for a durable peace in Asia and the rest of the world against aggression and war in its calls published on the occasion of the 50th party founding anniversary, which clearly shows the peace-loving efforts of the WPK.

The calls are an inspiring banner powerfully encouraging the peace-loving people of the world in the struggle to terminate all manners of aggression and war and ensure a durable peace and security in Asia and the rest of the world, the article says.

In order to check and frustrate the aggressive and war moves of the imperialists and ensure a lasting peace in Asia and the rest of the world, it is imperative to actively conduct the anti-war movement for peace on a worldwide scale.

To expand the world peace movement, all the peace-loving forces, the driving forces of the movement, should stand together and resolutely fight against arms race and for the universal and overall disarmament including nuclear arms cut, the article notes, and continues: Ensuring a lasting peace on the Korean peninsula is a precondition for peace in Asia and the rest of the world.

We have already put forward a proposal for replacing the Armistice Agreement with a peace agreement and establishing a new peace mechanism, and is exerting sincere efforts to this end.

But the United States is racing headlong toward screwing up the tension and increasing war danger, instead of acceding to our peace proposal.

We believe that for peace in Asia and the rest of the world the world peace-loving people will more strongly denounce and reject the U.S. war moves against the Korean people.

The aggressive and war moves of the imperialists will become impotent and the human cause of peace will advance victoriously when the world peace-loving forces wage an active struggle for peace against war in firm unity.

Korean Youth in China Delegation Arrives 29 May

SK2905104295 Pyongyang KCNA in English 1023 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — A delegation of the Association of Korean Youths in China led by chairman of its Central Standing Committee Yu Chang-hwan arrived here today.

It was met at Pyongyang railway station by Ho Chang-cho, chairman of the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification.

Mongolian Party Delegation Arrives Via Train

SK3105001095 Pyongyang KCNA in English 1513 GMT 30 May 95

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — A delegation of the Mongolian People's Revolutionary Party led by N. Sendenzhav, member of the secretariat of the Mongolian People's Revolutionary Party and economic councillor of the leadership council of the party, arrived in Pyongyang today.

It was greeted at Pyongyang Railway Station by Kim Yang-kon, vice-director of a department of the Central Committee of the Workers' Party of Korea, and other officials concerned and Janchivdorjiin Lombo, charge d'affaires ad interim of the Mongolian Embassy in Pyongyang.

Visits Kim Il-song Statue

SK3105052595 Pyongyang KCNA in English 0416 GMT 31 May 95

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — The visiting delegation of the Mongolian People's Revolutionary Party [MPRP] led by N. Sendenzhav, member of the secretariat of the MPRP and economic councillor of the leadership council of the party, and the delegation of the Association of Korean Youths in China led by chairman of its Central Standing Committee Yu Chang-hwan called at the statue of the great leader President Kim Il-song on Mansu Hill on Tuesday and Monday respectively and laid bouquets of flowers before the statue and made bows.

Attends Party Hosted by WPK

SK3105045495 Pyongyang KCNA in English 0433 GMT 31 May 95

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] gave a party for the visiting delegation of the Mongolian People's Revolutionary Party [MPRP] at the Pyongyang Koryo Hotel on Tuesday.

Hwang Chang-yop, secretary of the Central Committee of the WPK, in his address at the party said that the peoples of the two countries have waged a common struggle against the imperialists and wished the Mongolian People's Revolutionary Party success in the work for the political stability of the country and the development of economy and culture as desired by the working people, the driving force of history.

N. Sendenzhav, member of the secretariat of the MPRP and economic councillor of the leadership council of the party who is heading the delegation, said in his speech that the friendly relations between the two parties and the two peoples are based on a long-standing historical root and that his party is well aware of and rejoice over the achievements made by the Korean people under the wise leadership of the great leader of the Workers' Party of Korea and the Korean people Comrade Kim Chong-il.

Holds Talks With WPK 31 May

SK3105105095 Pyongyang KCNA in English 1040 GMT 31 May 95

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — Talks between the delegations of the Workers' Party of Korea [WPK] and the Mongolian People's Revolutionary Party [MPRP] were held in Pyongyang on May 31.

Present at the talks on the Korean side were Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, officials concerned and on the opposite side were the delegation of the Mongolian People's Revolutionary Party led by N. Sendenzhav, member of the secretariat of the MPRP and economic councillor of the Leadership Council of the party, and Janchivdorjyn Lomvo [spelling of Mongolian names as received], charge d'affaires ad interim of the Mongolian Embassy in Pyongyang.

At the talks the both sides informed each other of party activities and discussed the issue of developing the friendly relations between the two countries and the two parties.

The talks proceeded in a friendly atmosphere.

Kim Yong-nam, Thai Counterpart Exchange Messages

SK2705105695 Pyongyang KCNA in English 1031 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Korean and Thai foreign ministers exchanged messages of greetings on the occasion of the 20th anniversary of the establishment of diplomatic relations between the Democratic People's Republic of Korea and the Kingdom of Thailand.

Korean Foreign Minister Kim Yong-nam in the message said that the establishment of diplomatic relations marked an important occasion in deepening understanding and friendship between the two peoples.

He expressed the belief that the friendly and cooperative relations between the two countries would continue developing on good terms in accordance with the idea of independence, peace and friendship and wished the Thai foreign minister greater success in his work.

Thai Foreign Minister Krasae Chanawongse in the message sincerely wished Korea and the Korean people continuous progress and prosperity.

He expressed the conviction that the bonds of friendship and close cooperation between the two countries would further strengthen in the interests of peace and security of Asia-Pacific region.

Yang Hyong-sop Meets New Indonesian Ambassador

SK2905103995 Pyongyang KCNA in English 1019 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly, met and had a talk with newly-appointed Indonesian Ambassador to Korea Zulkarnain Afri Pane at the Mansudae Assembly Hall today when the latter paid a courtesy call on him.

Yi Chong-ok Meets Cambodian Party Delegation

SK2605213795 Pyongyang KCNA in English 1527 GMT 26 May 95

[FBIS Transcribed Text] Pyongyang, May 26 (KCNA) — Yi Chong-ok, vice-president and Politburo member of the Central Committee of the Workers' Party of Korea, today met and had a friendly talk with the visiting delegation of the People's Party of Cambodia [PPC] headed by Say Chhum, member of the Standing Commission of the Central Committee and chairman of the Organisation Committee of the PPC, at the Mansudae Assembly Hall.

On the occasion the head of the delegation said during the current visit they witnessed the great achievements made by the Korean people under the wise guidance of his excellency the respected leader Generalissimo Kim Il-song and his excellency the great Marshal Kim Chong-il under the banner of the great chuche idea, and that they rejoice as over their own over the achievements and highly estimate them.

Referring to the friendly and cooperative relations between the two countries, he stressed that the friendly relations between the two countries, forged and strengthened by his excellency the great leader Generalissimo Kim Il-song and His Royal Highness Norodom Sihanouk, will excellently develop in the future, too.

He added his party will make every possible effort to further strengthen and develop the friendly relations.

Head of Lao Delegation Remarks on Korean Unity

SK2705220595 Pyongyang KCNA in English 1506 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Davon Vongsak, acting chairman of the organization committee of the Central Committee of the Lao People's Revolutionary Party and head of the delegation, here said they were deeply moved at the sight of the Korean people firmly united in mind around the great leader Comrade Kim Chong-il.

In an interview with KCNA before departure for home he said that they could witness proud successes achieved by diligency and stubbornness of the Korean people boundlessly faithful to the party and leader, the country and nation in the struggle to build socialism everywhere they visited, and that they deeply felt the revolutionary atmosphere pervading the country.

Today the friendly and cooperative relations between the two parties, countries and peoples of Laos and Korea are developing onto a new high stage, he said, adding that in the future the relations would further develop through mutual contacts and visits, exchange and learning of each other's experience.

Lao Youth League Delegation Leaves Pyongyang

SK3105061695 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 May 95

[FBIS Translated Text] The delegation of the Lao People's Revolutionary Youth League led by (Nguyen Tong Ruangwilay), secretary of the Central Committee of the league, left Pyongyang today by plane. Choe Yong-hae, chairman of the Central Committee of the Socialist Working Youth League, saw off the delegation at the airport.

Zambian Party, Government Delegation Arrives

SK2705104995 Pyongyang KCNA in English 1028 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — A party and Government delegation of the Republic of Zambia led by Vice-president and National Secretary of the Movement for Multi-Party Democracy of Zambia Godfrey Miyanda arrived in Pyongyang on May 27 for an official goodwill visit to Korea upon the invitation of the Central Committee of the Workers' Party of Korea and the Government of the Democratic People's Republic of Korea.

It was met at the airport by Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, and officials concerned.

A welcome ceremony took place at the airport for the Zambian party and Government delegation.

Visits Kim Il-song's Statue

SK2705105995 Pyongyang KCNA in English 1035 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The Zambian party and Government delegation led by Godfrey Miyanda, vice-president of the Republic of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia [name and title as received], on an official goodwill visit to Korea, today called at the statue of the great leader President Kim Il-song on Mansu Hill here to pay homage to him.

Guards of honor of the Korean People's Army were lined up before the statue.

Present on the occasion were Pak Song-chol, Politburo member of the C.C. [Central Committee], The Workers' Party of Korea and vice-president, and other officials concerned.

After the national anthems of Korea and Zambia were played the guests laid a floral basket before the statue of President Kim Il-song and made a bow.

Papers 'Warmly' Welcome Visit

SK2705103095 Pyongyang KCNA in English 1015 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Papers here today warmly welcome a Zambian party and Government delegation led by Brigadier General Godfrey Miyanda, vice-president of the Republic of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia, coming to Korea for an official goodwill visit at the invitation of the Central Committee of the Workers' Party of Korea and the Government of the Democratic People's Republic of Korea.

An editorial article of NODONG SINMUN says that the visit of the Zambian delegation to Korea will be an important occasion in developing the friendly and cooperative relations between the two peoples onto a new higher stage and strengthening the friendly relations between Korea and African countries.

It goes on to say:

Under the leadership of President Chiluba vigorous efforts are being made in Zambia to consolidate the mass foundation of the party and government and implement "the programme of economic restoration" for improving the people's standard of living, upholding the slogan of "National unity".

The Zambian Government and people are calling for strengthening Non-Aligned Movement, raising its role and establishing an independent and equal international economic order and are developing the friendly and cooperative relations among the countries in the region and continent on the basis of the South-South cooperation and collective self-reliance. And they are also making efforts to reform and democratize the United Nations in the interests of the developing countries and opposing the schemings of the Western countries to interfere in the internal affairs of countries in the continent with the "human right" issue.

The Korean people deem it pleasure to have the Zambian people as their friends in the southern Africa.

They will actively strive to strengthen and develop the friendship between Korea and Zambia in the future, too, in conformity with the idea of independence, peace and friendship.

An editorial article of MINJU CHOSON says that the visit of the delegation clearly proves that the friendly and cooperative relations between the peoples of Korea and Zambia are developing on good terms.

Attends Banquet Hosted by WPK

SK2805082895 Pyongyang KCNA in English 0814 GMT 28 May 95

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] and the Government of the Democratic People's Republic of Korea hosted a banquet at the Mansudae Assembly Hall on May 27 for the party and Government delegation of the Republic of Zambia on an official goodwill visit to Korea.

Invited there were the members of the delegation led by Brigadier General Godfrey Miyanda, vice-president of the Republic of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia.

Present were Pak Song-chol, member of the Political Bureau of the Central Committee of the WPK and vice-president, Yi Chol-pong, minister of city management, and officials concerned.

Pak Song-chol said in his address that the Zambian people are now making strenuous efforts to consolidate the political stability and develop the national economy under the leadership of respected President Frederick J.T. Chiluba.

It is very good that the Zambian Government and people are striving to develop economic relations on a regional and continental scale on the principle of collective self-reliance, Pak Song-chol said, adding:

We sincerely wish the Zambian people greater success in their work for the building of a new society.

Godfrey Miyanda said in his speech that the Korean people suddenly lost His Excellency President Kim Il-song, the great leader, and the Zambian people shared sorrow with them.

Pointing out that His Excellency President Kim Il-song, the great leader, successfully solved the question of his successor, he said that the Korean people are making a continuous advance under the guidance of his excellency the dear leader Kim Chong-il.

He expressed the firm belief that the Korean people would rise up as one and make a dynamic advance along the road chosen by themselves.

Both Zambia and Korea have long maintained friendly relations, he said, and expressed the belief that these relations would continue to be close in the future.

The Zambian vice-president highly praised the amazing achievements made by Korea by its own efforts and hoped that Korea would be reunified at an early date.

Holds Talks With Officials

SK2905052195 Pyongyang KCNA in English 0429 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Talks were held at the Mansudae Assembly Hall on Sunday between the party and government delegations of the Democratic People's Republic of Korea and the Republic of Zambia.

Present at the talks on the Korean side were Pak Song-chol, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea and vice-president, and officials concerned, and on the opposite side were the members of the delegation led by Brigadier Gen. Godfrey Miyanda, vice-president of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia.

The two sides at the talks exchanged views on further developing friendly and cooperative relations between the two parties, two governments and two peoples and a series of international issues of common concern.

Issues Addressed Reported

MB2805190495 Lusaka Zambia National Broadcasting Corporation Network in English 1800 GMT 28 May 95

[FBIS Transcribed Text] Vice President Brigadier General Godfrey Miyanda has said the bilateral talks which started this morning between North Korea and Zambia in Pyongyang were aimed at reviewing relations between the two countries. Addressing ZNBC [Zambia National Broadcasting Corporation] staffer Likwida Kwachi in an interview this evening, the vice president said over the years the strong relations that existed between Zambia and North Korea had died down. He explained that some of the issues addressed centered on land resettlement, improvement of agriculture, and solutions to tackle water problems. The vice president said he admired the success of North Korea because its people worked hard and Zambians could learn a lot from their experiences.

Visits Mangyongdae With Pak

SK3005045095 Pyongyang KCNA in English 0434 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The party and government delegation of Zambia led by Brigadier Gen. Godfrey Miyanda, vice-president of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia, visited Mangyongdae on May 28.

The guests were accompanied by Pak Song-chol, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea and vice-president of the DPRK.

Being briefed on the glorious and brilliant revolutionary activities and revolutionary families of the respected leader President Kim Il-song, the guests saw round attentively the relics kept with care at the old home in Mangyongdae.

The head of the delegation wrote in the visitor's book that he was deeply moved by the visit to Mangyongdae, a birthplace of the great leader President Kim Il-song and the younger generations should come there to learn from his revolutionary idea.

On the same day, the delegation went to the Tower of the Chuche Idea and the May Day Stadium.

Leaving the tower of the chuche idea, the head of the delegation made an entry in the visitor's book: Comrade Kim Chong-il is a great leader who built this wonderful grand monument on the bank of the River Taedong in reflection of the unanimous desire of the Korean people.

On Monday, the delegation inspected the Three Revolution Exhibition, the Mangyongdae School Children's Palace and the Pyongyang Metro.

Brings Gift for Kim Chong-il

SK2905104495 Pyongyang KCNA in English 1022 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The great leader Comrade Kim Chong-il received a personal letter and a gift from Zambian President Frederick J.T. Chiluba.

The letter and gift were conveyed to Pak Song-chol, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea and vice-president, by Brigadier Gen. Godfrey Miyanda, vice-president of the Republic of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia, who is on an official goodwill visit to Korea.

Meets With Hwang Chang-yop

SK3105045895 Pyongyang KCNA in English 0422 GMT 31 May 95

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — Secretary of the C.C. [Central Committee], the Workers' Party of Korea [WPK] Hwang Chang-yop met and had a friendly conversation with Godfrey Miyanda, vice-president of the Republic of Zambia and national secretary of the Movement for Multi-Party Democracy of Zambia, on Tuesday.

On hand was Chi Chae-yong, vice-director of a department of the C.C., the WPK.

Equatorial Guinean Party Delegation Visits

Sees Kim Il-song Statue

SK2805082695 Pyongyang KCNA in English 0807 GMT 28 May 95

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — Equatorial Guinean President Obiang Nguema Mbasogo sent a floral basket to the statue of the great leader President Kim Il-song on Mansu Hill.

The floral basket was laid before the statue of President Kim Il-song by a delegation of the Democratic Party of Equatorial Guinea headed by its political and administrative secretary Fernando Mabale Nom, on a visit to Korea, on May 27.

Written on the ribbon hanging from the floral basket were letters "The great leader Comrade Kim Il-song will be immortal".

Holds Talks With WPK 28 May

SK2905053495 Pyongyang KCNA in English 0436 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Talks between delegations of the Workers' Party of Korea [WPK] and the Democratic Party of Equatorial Guinea were held here on Sunday.

Present from the Korean side were Secretary Hwang Chang-yop and Vice Department Director Choe Chin-su, of the C.C. [Central Committee], the WPK and other officials concerned and from the opposite side were members of the delegation of the Democratic Party of Equatorial Guinea led by its Political and Administrative Secretary Fernando Mabale Nom.

Both sides at the talks informed each other of party activities and discussed the issue of developing friendly relations between the two parties and other matters of common concern.

The talks took place in a friendly atmosphere.

Attends Reception Given by WPK

SK2905054595 Pyongyang KCNA in English 0455 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The Central Committee of the Workers' Party of

Korea [WPK] gave a reception in honor of the visiting delegation of the Democratic Party of Equatorial Guinea on Sunday.

Speaking at the reception, Secretary of the WPK Central Committee Hwang Chang-yop said:

Our party is very happy to note with high appreciation that the Democratic Party and the people of Equatorial Guinea have pursued the independent politics and economic policy to reject the intervention and pressure of the imperialists and build a better country, upholding the slogan "Democracy, development and wellbeing" under the correct leadership of his excellency [H.E.] esteemed President Obiang Nguema Mbasogo.

The Workers' Party and the people of Korea will, in the future, too, make every possible effort to further strengthen and develop the bonds of friendship and solidarity between the two parties and the two peoples established by the great leader Comrade Kim Il-song and H.E. esteemed President Obiang Nguema Mbasogo, he stressed.

Political and Administrative Secretary of the Democratic Party of Equatorial Guinea Fernando Mabale Nom, who is heading the delegation, said in his speech that Equatorial Guinea and Korea have commonness in the struggle for national sovereignty and the freedom and dignity of the people though they are far away from each other geographically. "The Equatorial Guinean people express full support for the Korean people's cause of reunification," he said.

"Humankind," he noted, "are in a bitter grief over the death of Comrade Kim Il-song, the founder of the Democratic People's Republic of Korea and the respected leader of the Korean people."

"Though respected Comrade Kim Il-song, a symbol of Korea, passed away, the cause of socialism in Korea will surely emerge victorious under the wise leadership of the great Comrade Kim Chong-il who has personified his idea and leadership ability," he stressed.

Meets With Vice President Yi

SK3005111495 Pyongyang KCNA in English 1022 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — Yi Chong-ok, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK, met and had friendly talk with a delegation of the Democratic Party of Equatorial Guinea headed by its Political and Administrative Secretary Fernando Mabale Nom [spelling of name as received] at the Mansudae Assembly Hall today.

The head of the delegation said that they visited Korea to support Korean socialism, the revolutionary cause of the great leader President Kim Il-song.

He expressed his strong belief that the Korean people would creditably carry forward the socialist cause, firmly united around the great leader Comrade Kim Chong-il, who fully embodied the idea and personality of President Kim Il-song.

President Kim Il-song is in the hearts of the people of Equatorial Guinea as well as the Korean people, he said.

Saying that the friendly relations between the two countries forged by President Kim Il-song and President Obiang Nguema Mbasogo are further strengthening day by day, he emphasized that they fully support the Korean people's struggle to firmly defend the sovereignty of the country against interference of foreign forces.

Presents Gift for Kim Chong-il

SK3005112295 Pyongyang KCNA in English 1017 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The great leader Comrade Kim Chong-il received a personal letter and gift from Obiang Nguema Mbasogo, president and head of state of the Republic of Equatorial Guinea and founder-chairman of the Democratic Party of Equatorial Guinea.

They were handed today to Yi Chong-ok, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president, by Fernando Mabale Nom, political and administrative secretary of the Democratic Party of Equatorial Guinea, on a visit to Korea.

Hwang Chang-yop Meets Outgoing Syrian Ambassador

SK2905103895 Pyongyang KCNA in English 1018 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], today met and conversed with outgoing Syrian Ambassador to Korea Yasir Farah.

Present on the occasion was Vice-department Director of the WPK Central Committee Choe Chin-su.

NDFSK Syrian Mission's Statement on Kwangju

SK2705104795 Pyongyang KCNA in English 1019 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Yi Nam-ho, chief of the Syrian mission of the National Democratic Front of South Korea (NDFSK), issued a statement to the press on May 13 on the occasion of the 15th anniversary of the Kwangju popular uprising of May 18. The Kwangju resistance of May, 15 years ago, was an anti-fascist struggle of South Korean people for democracy to put an end to the fascist rule and bring a new democratic politics and a new life, Yi Nam-ho said, and elaborated on the heroic struggle of the uprisers.

He further said:

With the Kwangju uprising as an occasion, South Korean people have come to clearly know the true nature of the U.S. imperialists and have directed the spearhead of the struggle against the United States and completely changed the anti- fascist struggle for democracy into an anti-American struggle for national liberation of a higher stage.

Now, South Korean people are turning out in a nationwide struggle to overthrow the traitor Kim Yong-sam, a stumbling- block in the way of independence, democracy and reunification, and, at the same time, to remove the main culprits of the Kwangju massacre with the "local autonomy elections" as an occasion.

Ethiopian Embassy Holds News Conference 29 May

SK3005045495 Pyongyang KCNA in English
0418 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — A press conference was called at the Ethiopian Embassy here on Monday to mark the fourth anniversary of the day of peace and democracy in Ethiopia.

Present there were Korean reporters in Pyongyang and press officials of foreign embassies here.

Ashenafi Abebe [name as received], charge d'affaires ad interim of the Ethiopian Embassy, spoke on the occasion.

Kim Chong-il Replies to Cuban, Indian Greetings

SK2705054595 Pyongyang KCNA in English
0507 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The great leader Comrade Kim Chong-il sent messages to Raul Castro Ruz, minister of the Revolutionary Armed Forces of Cuba, Indrajit Gupta, general secretary of the National Council of the Communist Party of India, and H.S. Surjeet, general secretary of the Central Committee of the Communist Party of India (Marxist), in reply to their messages of greetings on the occasion of the 63d anniversary of the foundation of the Korean People's Army.

Comrade Kim Chong-il expressed the belief that the good friendly and cooperative relations between the peoples, armies and parties of the DPRK and these countries would continue to develop on good terms.

Cuban Air Force Delegation Arrives in Pyongyang

SK2705110195 Pyongyang KCNA in English
1039 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — A Cuban Air Force delegation led by Ruben Martinez Puente, vice-minister of the Revolutionary Armed Forces and air and anti-aircraft commander of Cuba, arrived in Pyongyang today.

It was met at the airport by General Cho Myong-nok of the Korean People's Army and Jose Ramon Rodriguez Varona, Cuban ambassador to Korea.

The delegation was feted in the evening.

Visits Kim Il-song's Statue

SK2805082395 Pyongyang KCNA in English
0806 GMT 28 May 95

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — A visiting Cuban Air Force delegation led by Lieutenant General Ruben Martinez Puente, vice-minister of the Revolutionary Armed Forces and air and anti-aircraft commander of Cuba, laid a floral basket and made a bow before the statue of the great leader President Kim Il- song on Mansu Hill on May 27.

Written on the ribbon hanging from the floral basket were letters "The great leader Comrade Kim Il-song will be immortal".

Holds Talks With KPA 28 May

SK2905052295 Pyongyang KCNA in English
0431 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Talks were held here on Sunday between the Air Force delegation of the Korean People's Army [KPA] and the Air Force delegation of Cuba.

Present at the talks on the Korean side were Gen. Cho Myong-nok, generals and officers of the KPA and on the opposite side were the members of the Air Force delegation of Cuba headed by Lieutenant Gen. Ruben Martinez Puente, vice-minister of the Revolutionary Armed Forces and air and anti-aircraft commander of Cuba.

Both sides at the talks exchanged views on cementing the militant and friendly bonds between the Air Forces of the two countries and a series of matters of common concern.

The talks proceeded in a friendly atmosphere.

Presents Gift for Kim Chong-il

SK2905104395 Pyongyang KCNA in English 1020 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The great leader Comrade Kim Chong-il received a gift from Raul Castro Ruz, minister of the Revolutionary Armed Forces of Cuba.

The gift was handed to an official concerned by Lieu. Gen. Ruben Martinez Puente, vice-minister of the Revolutionary Armed Forces and air and anti-aircraft commander of Cuba, on a visit to Korea.

Mexican Party Leader Meets WPK Group 16 May

SK2605112495 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 24 May 95

[FBIS Translated Text] (Pedro Hoakini), general secretary of the National Executive Committee of the Mexican Constitutional Revolutionary Party, received the Workers Party of Korea [WPK] delegation led by Pak Kyong-son, deputy director of a department of the party Central Committee, on 16 May.

During the meeting, the head of the delegation conveyed to the general secretary the great leader [yongdoja] Comrade Kim Chong-il's greetings to Chairman (Maria Selos Aneles Moreno). The general secretary expressed deep gratitude, and asked the head of the delegation to convey the Mexican Constitutional Revolutionary Party's chairman and his warm greetings to the great leader [yongdoja] Comrade Kim Chong-il.

The general secretary said that he is happy about the WPK delegation's visit to Mexico, which had abundant party building experiences. He pointed out that the WPK delegation's Mexican visit is an important opportunity to further strengthen and develop the friendly relations between the two parties.

He emphasized that the Mexican Constitutional Revolutionary Party expresses firm support and solidarity in the Korean people's struggle for the WPK's independent foreign policy, the cause for the fatherland's reunification, and in promoting socialist construction.

WPK Delegation Meets Panamanian Party Leaders

Democratic Revolutionary Party

SK2905000295 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 26 May 95

[FBIS Translated Text] Rigoberto Paredes, acting general secretary of the Panamanian Democratic Revolutionary Party, received a Workers Party of Korea [WPK] delegation led by Pak Kyong-son, deputy director of a department of the party Central Committee, on 19 May.

During the meeting, the acting general secretary expressed deep sorrow over the death of the great leader Comrade Kim Il-song and highly praised the immortal achievements fulfilled by him.

He said as follows: We are of the firm belief that because the Korean people are highly upholding the great leader [yongdoja] Comrade Kim Chong-il, who is brilliantly realizing the revolutionary cause pioneered by the great leader Comrade Kim Il-song, there will be continuous great results in the struggle for socialist construction and the fatherland's reunification. Our party will continue to further strengthen friendly ties with the WPK.

People's Party of Panama

SK3105061195 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 May 95

[FBIS Translated Text] Ruben Dario Sousa, general secretary of the Central Committee of the People's Party of Panama met a delegation of the Workers Party of Korea [WPK] led by Pak Kyong-son, deputy director of a department of the WPK Central Committee, on 20 May.

At the meeting the delegation head conveyed the great leader Comrade Kim Chong-il's greetings to General Secretary Ruben Dario Sousa.

The general secretary expressed deep thanks for this and asked the delegation head to convey his and the Panamanian communists' greetings of wishing longevity to the great leader Comrade Kim Chong-il.

The general secretary said: "We extend full support for and solidarity with the resolute struggle of the WPK and the Korean people for socialist construction and for the country's reunification by upholding the great leader Comrade Kim Il-song's ideology and behest and under the wise leadership of the dear leader Comrade Kim Chong-il. We firmly believe that the WPK and the Korean people struggling against the U.S.

imperialists, the ringleaders of the world's reactionaries and the forces of aggression, will surmount all sorts of difficulties and win victory without fail. Although our two countries are located far apart geographically, we express again the firm will of the People's Party of Panama to firmly unite with the WPK in the future, too, in the struggle for the victory of the cause of socialism and for strengthening and developing the movement for the world's revolution."

Finnish Chuche Idea Research Delegates Depart

SK2905001495 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 26 May 95

[FBIS Translated Text] The Finnish chuche idea research delegation led by (Pekka Rantala), chairman of the Finnish national committee of the chuche idea research group, flew back home on 25 May. Kim Tuk-su, vice president of the Chuche Idea Academy, was on hand at the airport to bid farewell to the delegation.

UN Children's Fund Delegation Arrives

SK3105001295 Pyongyang KCNA in English 1512 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — A delegation of the UN Children's Fund led by Anthony J. Hewett and Shinyasu Hoshino, president of the National Institute for Research Advancement of Japan, and his party arrived here today by air.

Kim Chong-il Thanks Workers for Army Support

SK2705060195 Pyongyang KCNA in English 0435 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the February 8 Cement Complex, the Taedonggang Garage, the direct sales shop in Potonggang District, Pyongyang, and Kim Kwang-suk, instructor of the General Dispensary of the Ministry of Public Health, Chi Kyong-suk and Yi Kyong-chin, workers of the Kwangbok Department Store, and Yi Hye-son, a worker of the Sochang marine products shop, who set examples in sincerely assisting the Korean People's Army [KPA].

They visited units of the KPA, informed them of good news in the rear and promised them to devote themselves to defending the Korean-style socialist system centred on the popular masses if the enemy dares to pounce upon them.

Kim Chong-il Sends Thanks to Units, Officials

SK2805082195 Pyongyang KCNA in English 0804 GMT 28 May 95

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to different units, officials and working people for their sincere assistance to soldiers of the Korean People's Army. Among the recipients are officials and workers of the Ministry of Fisheries, the Nampo municipal committee of the General Federation of Trade Unions of Korea and the Korean central photo distribution agency; and Paek Tae-un, chief of the political section, and Kim Yong-un, security man, of the Pyongsong city security department of South Pyongan Province, Yi Il-son, a researcher of the department of electronics of Kim Chaek University of Technology.

Comrade Kim Chong-il also sent thanks to officials and working people of different units including officials of the pharmacy section of the hospital attached to Pyongyang University of Medicine, Chong Kon-hyok, director of the materials supply agency of the Ministry of Food Administration, and his wife, and Pak Kyong-hyon and his family in Sinri-tong, Tongdaewon district in Pyongyang, for doing a good thing for society and the collective.

Bulletin on Kim Chong-il Published in Denmark

SK2905224195 Pyongyang KCNA in English 1503 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The Denmark-DPRK Friendship Association printed a bulletin on May 19.

The bulletin carries a picture of the great leader Comrade Kim Chong-il inspecting a Naval unit and introduces his revolutionary family and brief history of his revolutionary activities.

The bulletin edits an article explaining Comrade Kim Chong-il's famous work "Socialism Is a Science" and articles titled "Reunification Issue of Korea" and "International Seminar on the Chuche Idea" and pictures.

Kim Chong-il Thanks People for Army-People Unity

SK3005045895 Pyongyang KCNA in English 0436 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to many units, officials and working people for their exemplary deeds in displaying the traditional traits of army-people unity. Among them are the third secretariat of the Administration Council, the Central Committee of the Democratic Women's Union of Korea, the Pyongyang Programme Centre, U Sun-son, manager of the March 8 Chicken Plant, Kang Hyo- pok, a worker in Wau Ri, Taedong County, South Pyongan Province, and his family.

The traditional traits of army-people unity of loving and helping with each other are being fully displayed in the Democratic People's Republic of Korea.

Love for People 'Natural Gift' of Kim Chong-il

SK3105101795 Pyongyang KCNA in English 1008 GMT 31 May 95

["Love for People Is Natural Gift of Comrade Kim Chong-il, Says NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — The great leader Comrade Kim Chong-il is gifted with the love for the people and is an incarnation of justice and ardour who personifies the love for the people on the highest level, says NODONG SINMUN today in a by-lined article titled "The Great Leader Who Leads the Revolution With Love for the People".

Respected Comrade Kim Chong-il is not only a leader but also a great man who loves the people boundlessly and a tender-hearted father of the people, the author of the article says, and continues:

Comrade Kim Chong-il is the first in history to formulate the love for the people as the philosophy of love by linking it with the revolution and has successfully applied it to the revolutionary practice.

The author quotes the great leader Comrade Kim Il-song as saying:

"Comrade Kim Chong-il values and loves his revolutionary comrades and people boundlessly."

The author further says:

The distinguished qualifications and traits of respected Comrade Kim Chong-il, a great man and a great leader, are warm love for people, passionate sentiments, broad generosity and magnanimity, clairvoyant extraordinary intelligence and leadership ability, uncompromising fighting spirit against the enemy of the people and the revolutionary principle. The main kernel of these fine qualifications and traits is the love for and trust in the people.

Comrade Kim Chong-il is leading the revolution on a historical mission to take responsibility for the destinies of the people to the last.

Only the Korean people are always in the mind of Comrade Kim Chong-il. He sets all criterions and values in favour of the people and thinks and acts only for them.

He spends day and night at his office to provide the people with happier life. At dawn, he starts his on-the-spot guidance for the people. This is his brilliant daily routine.

He is leading the revolution and construction to a constant upsurge by placing his trust in people and enlisting their strength and wisdom at all times.

He takes it as his first and foremost motto to mix always with the people, work out a new strategy and tactics reflecting their aspirations and implement them in reliance upon their strength.

It is his invariable stand that there is nothing impossible and fearful in the world when one believes in the people and sets their strength in motion.

He closely unites all the people as one man with his broad generosity and magnanimity and leads them along the road of socialism.

Give confidence to people and touch their hearts. This is a philosophy of trust and a principle of remoulding people consistently maintained by the great leader Comrade Kim Chong-il. His magnanimity based on the chuche-based viewpoint of the people is a great magnanimity with which he embraces people and an absolute trust and love with which he trusts people as his companions and takes good care of them in a responsible way without discrimination if they are truly devoted to the party and the revolution.

Popular Song Honoring Kim Chong-il Reported

SK2905224495 Pyongyang KCNA in English 1511 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — A song "He Has Many Comrades" is popular among the Korean people.

The song which was recently created by the Wangjaesan light music band is on the noble popular trait of the great leader Comrade Kim Chong-il who firmly trusts the entire Korean people as his precious revolutionary comrades and leads them to live an immortal life by taking them to his broad bosom of love and trust.

First and second stanzas of the song reflect trust, love and human approach of respected General Kim Chong-il toward his revolutionary comrades.

He has many comrades who are ready to share life and death with him. He invariably trusts them to the end.

He always tells officials that the revolution is begun with getting comrades and that the comrades should not be abandoned but life and death be shared with them.

In 1968 a cameraman was to be disciplined for his mistake. Informed of this, Comrade Kim Chong-il was sad more than anyone else and said that he would be responsible for his past as well as his future political life.

When he died in 1975 Comrade Kim Chong-il awarded him the title of labour hero, so that he could lead an immortal life.

When the manager of Hamhung timber mill was dismissed for his old age, Comrade Kim Chong-il let him work again as manager of the mill, saying that there is no senility in loyalty of a revolutionary.

One year he sent an autograph birthday card and valuable gift to a veteran revolutionary fighter who was in sickbed. When he heard a report that an official was in the last moment of his life he went to see him, deferring a meeting of the Political Bureau of the Central Committee of the Workers' Party of Korea.

There are many legend-like stories about his love for revolutionary comrades.

The third stanza of the song sings that Comrade Kim Chong-il is highly lauded by the Korean people as well as the world revolutionary people as a great man who has many friends and comrades.

"An outstanding leader in the East remembers and congratulates an ordinary foreigner in the West on his 60th birthday. This legend-like story cannot be found even in mythology.

"Indeed, he is the incarnation of human love and his is a great bosom of love for all people of the world."

This is what Guy Dupre, a social activist of France, said with emotion, upon receiving a gift and birthday table sent by Comrade Kim Chong-il.

Comrade Kim Chong-il is the benevolent father of the entire people. He gets friends and comrades with legend-liked great love which cannot be found even in mythology.

Therefore, the Korean people are firmly determined to vigorously fight as his revolutionary soldiers forever, singing the song of loyalty to the great leader Comrade Kim Chong-il.

Poems on Kim Il-song, Kim Chong-il Lauded

SK3105000695 Pyongyang KCNA in English
1506 GMT 30 May 95

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The full-length epic "Mt. Paektu," the lyric "Mother" and a poem written by hero Yi Su-pok are popular among the Korean people.

The poems have long since been loved by the Koreans as they sing of the leader, the party and the dear country, the motherland.

The epic "Mt. Paektu" was composed by Cho Ki-chon, a revolutionary poet, right after the liberation of the country. It gives a poetic account of the immortal revolutionary achievements of the great leader President Kim Il-song, who embarked on the road of revolution in his early years, liberated the country and built a genuine people's state in Korea.

Reciting the poem, the Korean people feel the high pride and honour of holding President Kim Il-song in high esteem as the great sun of the nation and courageously march toward victory in the revolution.

The lyric "Mother" was written by Kim Chol. The poem describes the dear leader Comrade Kim Chong-il as the great mother of the revolution, whom even grey-haired people call now and then in a childish tone of voice and without whom life is meaningless.

Comrade Kim Chong-il is like a tender-hearted mother in that he embraces all Koreans and looks after them more warmly than all mothers of Korea do their own children.

That is why the Korean people entrust their destiny and future to him and follow him with loyalty and filial piety.

The poem written by hero Yi Su-pok also touches the heartstrings of all people and encourages the Korean people to perform feats in hearty response to the calls published by the Central Committee of the Workers' Party of Korea [WPK] on the 50th foundation anniversary of the WPK.

In the period of the fatherland liberation war, the hero died at the age of 18 after silencing an enemy pillbox with his body. Fighting hard battles on a height, he wrote in his handbook: "...I will devote my valuable youth to my dear motherland. Then, my life will be the most precious, my hope the most beautiful and my happiness the greatest."

The poems inspire the Korean people to loyalty and feats. They serve as songs of life and revolution for the people in the efforts to build their country, their motherland more prosperous.

Foreign Newspapers Carry Kim Il-song's Works

SK2905053595 Pyongyang KCNA in English 0439 GMT 29 May 95

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The full text of "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", a famous work of the great leader President Kim Il-song, was carried by the Ugandan paper THE TRIBUNE.

The paper said the 10-point programme of the great unity of the whole nation for the reunification of the country was patriotic one that could be advanced only by His Excellency Kim Il-song who embraced the entire nation in his bosom with great benevolent politics and led them along the road of reunification and prosperity.

The Kazakh paper YURIDICHESKAYA GAZETTA carried the work, too.

The Indian paper SAMACHAR POST carried his work "On the Three Principles of National Reunification" and the Malagasy paper IMONGO VAOVAO an article explaining the work.

An Indian paper carried the full text of his work "Answers to Questions Raised by the General Director of the Latin American News Agency PRENSA LATINA".

Kim Il-song's 1947 Visit to Farm Described

SK2605213195 Pyongyang KCNA in English 1509 GMT 26 May 95

[FBIS Transcribed Text] Pyongyang, May 26 (KCNA) — Rice transplanting is in full swing on farms of Korea in spring.

Agricultural working people across the country who have well prepared for farming while they spent days and months in a great sorrow at the unexpected loss of the great leader President Kim Il-song are hastening the rice transplanting, bracing themselves up with the iron will to uphold the motherland with bumper crops, true to the behests of the president.

The farmers and other people are yearning for benevolent President Kim Il-song who would give concrete guidance to farming, treading fields across the country every year.

For instance, the president transplanted rice seedlings with farmers on a field in spring filled with delight of liberation 48 years ago. This is moving the hearts of all people even today.

On June 7, 1947, soon after the liberation of the country from the colonial rule of the Japanese imperialists, President Kim Il-song came out to the Mirim field in the suburbs of Pyongyang city and got into the field, telling the cheering farmers that he would work with them and calling on them to transplant rice seedlings in the land of their own pleasantly. When an official brought him a pair of boots, he said the farmers transplant rice bare-footed, and that he would do so. Then he began transplanting rice seedlings with farmers.

The farmers admired him for his excellent skill which he cultivated in his home village of Mangyongdae and his mother's home village of Chilgol in his childhood, and in Kalun, Guyushu, Wujiazi and guerrila bases while working with farmers and encouraging them in revolutionary fires in a period of the anti-Japanese revolutionary struggle.

Women of the village brought food during the break. He said that cadres should not take better food than the people and that the food already prepared could not but be taken by all. He offered the food to old persons first.

The old persons were too happy and moved to repress tears and take food.

During the break, the president inquired about the farming situation and living conditions of the villagers and unfolded a far-reaching blueprint of new rural construction in liberated Korea.

Saying that improvement of the living standard of the farmers is urgent, he told them to breed better seeds than before the liberation and generalize them, do irrigation work and develop stockbreeding.

The president transplanted rice seedlings until sunset.

When an official repeatedly suggested the president should go to a function, he washed his hands and feet in a narrow stream and shook hands of the farmers before leaving the farm.

The president traveled every nook and corner of the countryside without taking a rest.

Thanks to his guidance, a new era of irrigation, electrification, mechanization and a widespread use of chemicals opened up in agriculture, bumper crops visit the country every year and the farmers, who had suffered from poverty and ignorance, became socialist agricultural working people and enjoy an affluent life and developed culture.

Talk Stresses Unity of Leader, Party, Masses

SK3105100095 Pyongyang Korean Central Broadcasting Network in Korean 0940 GMT 29 May 95

[Unattributed talk: "The Single-Hearted Unity of the Leader, the Party, and the Masses Is the Greatest Achievement Fulfilled by Our Party"]

[FBIS Translated Text] The party Central Committee's slogan put forth on the occasion of the 50th anniversary of the founding of the Workers Party of Korea, elucidates adhering to the single-hearted unity of the leader, the party, and the masses as a cherished idea, and strengthening it in every way. As pointed out in the slogan, single-hearted unity is the revolutionary philosophy of our party and the foundation of the revolution.

Revolution begins in unity and is advanced and made victorious by the united strength of the popular masses. In the revolutionary struggle and construction work to realize the popular masses' independence, there is no mightier weapon than the cohesion and unity of the party and the revolutionary ranks. Therefore, our party put forth single-hearted unity as the revolutionary philosophy and vigorously carried out the struggle to realize it and achieved brilliant results.

Today, the cohesion and unity provided by our party is the single-hearted unity of the leader, the party, and the masses with the solidity and vitality of the highest level of cohesion and unity, unprecedented in the history of cohesion and unity.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: The party and the leader have faith in the people and love them endlessly, and the people absolutely trust and highly uphold the party and the leader. This is the true appearance of our single-hearted unity.

Our single-hearted unity is an invincible unity in which the party and the people share their fate by wholly uniting as one and it cannot be broken by anything. The achievement of this great single-hearted unity is our party's great pride and immortal accomplishment.

The work to firmly unite all the people in one mind and will around the party and the leader is by no means easy, and it cannot be accomplished by anybody. This is a sacred cause which can be realized only by a distinguished, great man who possesses outstanding ideology, extraordinary leadership, and lofty virtue.

Our single-hearted unity is a lofty fruition of the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il who is a great man among great men. The wisdom of the leadership of the great leader [yongdoja] Comrade Kim Chong-il who realized the single-hearted unity of the leader, the party, and the masses, lies most of all in the fact that he uniquely elucidated the ideology and theory on single-hearted unity.

A problem at the fore of realizing single-hearted unity is that of correctly solving the problem of the center of unity. Ever since he first began guiding the revolution and construction, the great leader [yongdoja] Comrade Kim Chong-il has been deeply interested in the party's cohesion and unity. He elucidated the ideology that the cohesion and unity of the party and the revolutionary ranks must be achieved around the leader. The ideology on realizing cohesion and unity centered on the leader is a unique ideology and theory which was presented based on having scientifically analyzed the position and role occupied by the leader in the revolutionary struggle.

The leader of the working class is the supreme intelligence of the popular masses and plays a decisive role in the popular masses' revolutionary struggle to carry out the independent cause. Therefore, only the leader can be the center of cohesion and unity and the leader must be the center so that the cohesion and unity of the popular masses can be realized.

The great leader [yongdoja] Comrade Kim Chong-il presented the ideology that the center of cohesion and unity is the outstanding leader, and elucidated that only a unity of ideological will based on the leader's revolutionary ideology, not business-like unity, can form solid cohesion and unity.

In particular, he put forth a new theory on the main force of the revolution and the social and political, organic body. Therefore, the ideology and theory on the single-hearted unity of the leader, the party, and the masses were all intensified and developed.

If we are to become the main force of the revolution of the popular masses, we must band together in organizational and ideological terms centered on the leader under the party's leadership to achieve one social and political organic body.

The social and political organic body possesses the independent vitality of the unified body of the leader, the party, and the masses. Here, the leader is the center uniformly commanding the activities of this organic body, and the party is the core unit of the popular masses who are solidly united in organizational and ideological terms centered around the leader, thus forming the center of the social and political organic body.

When individuals are united with the leader in organizational and ideological terms through party organization, and share the fate of the party, they possess a social and political life which lives eternally. Thus, clarifying the theory on single-hearted unity was made possible in terms of principle by elucidating the ideology and theory of the social and political, organic body in which the leader, the party, and the masses are united as one life with a common fate.

Therefore, today our single-hearted unity has made it possible to be further strengthened under our invincible cohesion and our unity that rallies around the great leader Comrade Kim Chong-il and firmly united ideologically and volitionally on the basis of the great leader's chuche idea.

The wisdom of the leadership of the great leader [yongdoja] Comrade Kim Chong-il, who achieved single-hearted unity, also lies in his politics of benevolence, his all-embracing politics that have firmly rallied all the people around the party and the leader [suryong]. Single-hearted unity must be a cohesive unity achieved not only through ideological will but also through morality and integrity. Only then can it be solid. If this is to be achieved, the politics of love and trust toward the people, the politics of benevolence, must be carried out.

The politics of benevolence is the source of the single-hearted unity of the leader, the party, and the masses. By unfolding the politics of love and trust, the politics of benevolence, the great leader Comrade Kim Chong-il, who brilliantly embodies the great leader's [suryong] idea of believing in the people as in heaven, is not only bestowing the most noble, social and political life upon our people and leading them to add luster to it, but is also rendering all kinds of considerations so that everyone can enjoy an abundant and cultural life without having to worry about food, clothing, and shelter.

Today, the great benefits by the state and society endowed to all the people, including free education and free medical care, shows the superiority of our own style of socialism centered on the popular masses. This cannot be thought about by any means apart from the lofty love of the party and the leader.

The great leader Comrade Kim Chong-il—who trusts in our people, praises them as an outstanding people, and shoulders their destiny to the end—does not abandon people who commit mistakes before the fatherland and the people, but warmly leads them with his outstretched hands, indoctrinating and remolding them so they can proceed along the correct road.

Truly, our party's politics of benevolence is an extensive politics of love and trust, an all-embracing politics that bestows love and trust without discrimination upon people from all walks of life. Love and trust are to be attended with loyalty. Because the great leader Comrade Kim Chong-il is giving such lofty love and unprecedented trust, our people, deeply feeling the gratitude of the politics of benevolence, are loyal and dutiful to the party and the leader to repay that benevolence.

Like this, the single-hearted unity of the leader, the party, and the masses based on love and loyalty, in which the party and the leader trust the people and bestow endless love upon them while the people absolutely trust the party and the leader and are loyal to them, is a most solid unity. Such single-hearted unity has been achieved through the politics of benevolence. Herein lies the wisdom of the great leader Comrade Kim Chong-il's leadership.

Truly, our single-hearted unity is the noble fruition of the leadership of the great leader [yongdoja] Comrade Kim Chong-il who has presented the outstanding ideology on realizing the cohesion and unity of the party and the ranks of the revolution centered on the leader [suryong], and who has brilliantly embodied the tradition of the politics of benevolence provided by the great leader Comrade Kim Il-song.

That the solid single-hearted unity that cannot be broken by anything has been achieved is precisely the great pride of our party and people and the source of their invincible strength. Because there is the might of the invincible single-hearted unity, it is possible for our party and people to resolutely smash the antisocialist and anti-Republic maneuvers of the imperialists and reactionaries, and to vigorously advance while highly upholding the revolutionary banner, the banner of socialism.

Today, under the slogan "What the party decides, we will do," our People's Army and people are vigorously launching into the great socialist construction battle and into the implementation of the party's revolutionary economic strategy; they are achieving great feats. Our party firmly adheres to the line of independence, even amid the difficult circumstances in which the enemies' maneuvers are becoming severe with each passing day. All this is thanks to the might of the single-hearted unity of the leader, the party, and the masses.

Today, our single-hearted unity is firmly being deepened into one united body, one united body with a common fate that shares one ideology, one aspiration, one fate, and one future under the extraordinary wisdom of and the outstanding and tested leadership of Comrade Kim Chong-il, the great leader [yongdoja] of our party and people.

Firmly trusting in only General Kim Chong-il and rallying around him as one body, thus sharing the destiny with the respected and beloved general, is precisely our single-hearted unity of today.

There is no force on this world that can break our single-hearted unity in which the leader, the party, and the people are united as one destiny. Strengthening single-hearted unity is a reliable guarantee for achieving the cause of socialism and the cause of national reunification. For the entire party and all the people to vigorously fight, firmly rallying around the great leader [yongdoja], is precisely the way to accelerate the revolution and construction and to strengthen our revolutionary forces by all means.

Our people will highly uphold the leadership of the great leader Comrade Kim Chong-il and thoroughly implement the party Central Committee's slogans, thus further strengthening the single-hearted unity. They will expedite the chuche-oriented cause of socialism and the historic cause of national reunification.

Paper Views Party's 'Benevolent Politics'

SK2905054395 Pyongyang KCNA in English 0449 GMT 29 May 95

["Excellent People Under WPK's Benevolent Politics" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — It is in Korean society that all people share life and death, sweets and bitters like real brothers and sisters, holding respected Comrade Kim Chong-il in high esteem as their father, NODONG SINMUN May 28 said this in a signed article headlined "To Have Trained Ours Into an Excellent People Is Brilliant Victory of Our Party's Benevolent Politics".

The article said:

It is under the guidance of the great leader Comrade Kim Chong-il and the genuine politics for the people, the benevolent politics in the Korean society that the Korean people are possessed of a noble mental world with which they are unfailingly loyal to their leader and party, burning with revolutionary zeal, faithful to morality and obligation and devote themselves to the collective and comrades.

The great leader Comrade Kim Chong-il said:

"For our party to have trained ours into an excellent people is its great achievement and a brilliant victory for its benevolent politics."

The benevolent politics of the Workers' Party of Korea [WPK] makes the Korean people a revolutionary people with boundless loyalty to the party and the leader and a most advanced and dignified people who devote their all to the prosperity of Korean-style socialism, the article said, and continued:

The benevolent politics of the Workers' Party of Korea makes the Korean people a revolutionary people with boundless loyalty to the party and the leader and a most advanced and dignified people who devote their all to the prosperity of Korean-style socialism, the article said, and continued:

The benevolent politics administered by the great leader Comrade Kim Chong-il is the politics of love and trust.

The love of respected Comrade Kim Chong-il for the people is a great fatherly love looking after the destiny and future of all people and the future of their descendants as well as an absolute trust with which he convinces a person of his error so as to glorify his socio-political integrity.

Because Comrade Kim Chong-il leads the Korean people with love and trust, they warmly revere and follow him as a benefactor of life and a father and consider their living up to the benevolence to be an unshakable faith and noble morality and obligation.

The great victory of the benevolent politics of the WPK lies in the fact that it has elevated relationship between the leader and soldier, the leader and the people onto the relationship of kinship between the father and the son transcending the relationship of merely giving guidance or being guided.

In the Korean society under the benevolent politics the line and policies of the party have fully reflected the desire and demand of the people and the officials are devotedly working for the people under the motto "We serve the people!"

This is why the Korean people are actively supporting Korean-style socialism and going through thick and thin to consolidate and develop socialism.

The benevolent politics of the WPK has also made the Korean people a dignified people who live a harmonious life forming a great family under the motto "One for all and all for one!", stressed the article.

Might of Popular-Centered Socialism Stressed

SK3105084495 Pyongyang MINJU CHOSON in Korean 5 May 95 p 2

[Article by Chon Chong-ho: "The Source of the Invincible Might of Popular Mass-Centered Socialism of Our Own Style"]

[FBIS Translated Text] Today, the popular mass-centered socialism of our own style has risen highly as a beacon of hope for progressive mankind in the rapidly changing swirl of history and, also, is victoriously moving forward, displaying its dignity. All the people are vigorously advancing along the single road of chuche without faltering under the vicious antisocialist maneuvers by the imperialists and reactionaries, following the party leadership. Also, they are persistently fighting on to occupy the new summit of socialism. This is a clear demonstration of the might of the popular mass-centered socialism of our own style.

The great leader Comrade Kim Chong-il has indicated: "The secret of the solidness and invincibility of our socialism is that it is the popular mass-centered socialism in which everything in a society serves the people by regarding the people as the true masters of the society."

The socialist cause is the sacred and historic cause to achieve the independence of the popular masses. The popular masses are the people who are directly in charge of it.

The socialist cause can be advanced and completed by the independent and creative activity of the popular masses. The socialist might is the main force of its movement, as well as the might of the popular masses who are directly in charge of it. The might of invincibility can be displayed only by socialism that is based on the united and cohesive might of the popular masses, who have armed themselves with a firm faith in the correct guiding ideology and socialism.

For socialism to end exploitation of man by man and to guarantee the independent and creative life for the popular masses in conformity with its ideology, it should sufficiently and vigorously display its might. By doing so, we can successfully carry out the popular masses' independent cause by victoriously advancing the revolution and construction, thus adhering to the revolutionary achievements gained in blood.

Our socialism is the popular mass-centered socialism. The secret of the solidness and invincibility of the popular mass-centered socialism of our own style is that it is the true society in which the popular masses are the true masters of the society, and in which everything in the society serves the people.

Under the wise leadership of the respected and beloved Comrade Kim Il-song and the great leader Comrade Kim Chong-il, our people have built the most superior chuche socialism on this land by brilliantly embodying the immortal chuche idea. Because of the popular mass-centered socialism of our own style, in the past our county — which was eclipsed on the world map — was able to display its dignity to the world as a powerful state of independence, self-reliance, and self-defense. Also, our people — who were forced to suffer the destiny of colonial slavery without national sovereignty under imperialist oppression — were able to enjoy a happy and rewarding life, being the brave masters of the state and society. Our country's socialism — which has outstandingly glorified the century-cherished desire of the popular masses by successfully pioneering the untrodden path of socialism with our own might in conformity with the situation in our country — is the most superior and vital socialism of ever-victoriousness and invincibility.

Above all, the source of the invincible might of the popular mass-centered socialism of our own style lies in regarding the chuche idea as a guiding idea, as well as in thoroughly embodying it.

The firmness of the socialist society and its prospect are guaranteed by the scientific accuracy and the revolutionary spirit of the ideological theory on which they are based. The construction of socialism and communism are the highest-level revolutionary struggle to completely realize the popular masses' independence and an arduous struggle that accompanies the struggle against the class enemy. In order to complete socialism and to build a communist society, we should be guided by correct ideas, theories, and methods. Only on the basis of correct ideas and theories, can we further consolidate socialism; on this basis, realize the complete victory of socialism; and triumphantly build the communist society, mankind's loftiest ideal society.

The chuche idea is a man-centered world outlook. The chuche idea elucidates the intrinsic demand of the socialist and communist society; the law-governed course of building socialism and communism; the principles that must be adhered to during this process; and the ideas, theories, and spiritual and mortal features which the people living in the communist society must cherish.

Our country's socialism has been strengthened and developed into the most superior socialism in the whole world because it was guided by the chuche idea. We come to have the mightiest party and revolutionary regime, and the invincible revolutionary Armed Forces, and come to enjoy all the victories demonstrating the might of the self-reliant national economy and the single-hearted unity between the entire party and the whole society. This is a brilliant fruition that is achieved in the process of extensively embodying the chuche idea. The chuche idea has become the stern reality in our country. In addition, the world-wide change and great creations accomplished by our people are a noble fruition of the chuche idea. The might of socialism of our own style is the might of the chuche idea and, apart from the chuche idea, we cannot talk about the invincibility of socialism of our own style. The reality clearly shows that socialism of our own style, which has been built on the basis of the chuche idea, is invincible and no one can destroy such socialism with anything.

The source of the invincible might of socialism of our own style also lies in the fact that it is absolutely supported and trusted by all the people.

The popular masses' support and confidence are the vitality of socialism. Since socialism is the cause to realize the popular masses' independence, it can triumphantly march ahead only when it is supported and trusted by the popular masses and when it can have invincibility and firmness.

The socialism in our country is the most superior socialism which enables all the people to lead happy lives in all the fields, including politics, economy, and culture, as befitting the masters of the state and the society. In our country, all the people are thoroughly guaranteed with political freedom and rights lawfully and socially. In addition, all the people are enjoying their independent and creative life to their content, free from any worry about food, clothing, and housing, about receiving medical care, and about studying under the care of the state. Our socialism is the most advanced society for which mankind has longed for a long time, in which all the members of the society believe in each other, love each other, and help each other, and form one big happy family, enjoying the fruits of life and happiness.

In the course of enjoying a happy life under a grateful system, our people have come to keenly feel that our socialist system is the most outstanding system of the people, and that when apart from the outstanding socialist system, they cannot live for a moment or expect today's happiness or tomorrow's hope. Our people's support and trust in socialism is an expression of the sacred ideology and affection based on such faith. Today, all people are unanimously struggling with a firm faith to implement the party Central Committee's slogan to greet the 50th anniversary of the founding of the party based on a high sense of political zeal and the brilliant labor of achievement, and are constantly and firmly uniting as one around the great leader Comrade Kim Chong-il under the stern situation in which the antisocialist and antirepublic maneuvers by the imperialists have been strengthened. This clearly shows how firm our people's support and trust in socialism must be. The great might of the popular masses, who vigorously rise up with a firm conviction in the justice of their cause, as well as in the indispensability of victory, is the source that makes it possible to consolidate our socialism into an invincible fortress.

Also, the source of the ever-victorious and invincible might of the popular mass-centered socialism of our own style lies in the single-hearted unity of all people around the party.

The single-hearted unity around the leader, party, and popular masses is the basic source of the invincibility of socialism. The popular masses are the main force to push ahead with the socialist cause; they can completely fulfill their responsibility and role as the independent chuche of the revolution only if they are firmly united around the party and the leader. They can also successfully advance socialism. Because socialism is an organized society based on collectivism, it should be led by the correct guiding ideology as well as scientific strategy and tactics. At the same time, it can fully display its superiority and be constantly consolidated and developed in any difficult trial, only when the political awareness and organization of the working popular masses is enhanced.

Today, all people in our country are strongly armed with the great chuche idea and our party's line and policy, the embodiment of the chuche idea; they are also firmly united as one around the great leader Comrade Kim Chong-il organizationally, ideologically, and morally, thus constituting a sociopolitical body.

In our country, the Workers Party of Korea, which has an ever-victorious and invincible might, firmly stands in the center of the revolutionary ranks. In addition, our popular masses, who have overcome all kinds of trials by sharing their fate with the party in a protracted and ardent revolutionary struggle, are single-heartedly united around the party and the leader. The party and the leader boundlessly love and trust the people, while the people uphold the party and the leader, absolutely trusting in the party and the leader. This is the true aspect of our single-hearted unity. Our socialist cause, the chuche socialist cause, has been pioneered by the single-hearted unity of the leader, the party, and the popular masses; at the same time, it victoriously advanced by its might. Our country's socialism—in which the leader, the party, and the masses are united as one—is the most consolidated and stabilized socialism of invincibility in a political manner. No one exists who can break down the might of the powerful unity.

All functionaries and working people should endlessly glorify our own style of socialism by thoroughly implementing the tasks presented in the party Central Committee's slogan, cherishing the dignity and pride of living and carrying out the revolution under the most superior, popular, mass-centered socialism of our own style throughout the world.

Achievements in Politics, Economy, Culture Lauded

SK3105104595 Pyongyang KCNA in English 1037 GMT 31 May 95

["Korean People's Achievements in Politics, Economy and Culture in Five Years" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 31 (KCNA) — Five years have passed since "Let Us Bring the Advantages of Socialism In Our Country Into Full Play," a famous work of the great leader President Kim Il-song, was published in May 1990.

In the past five years, the Korean people, under the experienced leadership of the great Comrade Kim Chong-il, have achieved a great success on a new basis in the struggle to defend and glorify the cause of socialism and thereby clearly demonstrated before the times and history the validity and vitality of the main idea of the work of the great leader and the truth of revolution that defending socialism leads to victory and abandoning it to death.

Under the anthropocentric Korean-style socialist system, the Korean people's political life has developed into a most independent life, thanks to the politics of love and trust of Comrade Kim Chong-il.

Grassroots organizations of the party and public organizations have further strengthened.

With the movement of creating loyal party cells to further fortify the Workers' Party of Korea, thousands of party cells have already been made loyal party cells.

The Three Revolution Red Flag Movement has been conducted vigorously, with the units having won the three revolution red flag once or twice reaching 11,500 throughout the country.

A campaign to win the title of model primary organization has been waged vigorously at units of public organizations including the League of Socialist Working Youth [LSWYK], the General Federation of Trade Unions and the Union of Agricultural Working People.

Political life and traits of the Korean people consistent with loyalty to the party and the leader were expressed at a higher stage in letters and historic reply letters addressed between Comrade Kim Chong-il and workers, peasants, soldiers and youth and students confirming trust and loyalty, in meetings including the national meeting of party cell secretaries, the 8th Congress of the LSWYK and the meeting of Korean intellectuals and at the time when the Korean people lost President Kim Il-song peerless in the history of thousands of years.

During the period, new policies for improvement of the standard of material and cultural life of the people have been enforced and foundations of self-sufficient national economy further cemented.

From March 1992, wages of workers, technicians and office workers rose 43.4 percent, the annual pension 50.7 percent and the scholarship at schools of various levels 33 percent on an average.

In the period, some 6,600 factories, enterprises and workshops were commissioned at industrial domain, including the Wiwon Power Station, the Alloy Shop of the Puryong Alloy Complex, the Aeguk Colour T.V. Assembling Factory, and the historical task of irrigation, electrification, mechanization and the application of chemicals put forward in the socialist rural theses was completed in the main.

Hundreds of thousands of flats sprang up in cities and rural communities.

In keeping with the changed situation and actual demands of socialist construction, the strategic policy of giving precedence to agriculture, light industry and foreign trade was set forth in 1994 and the all party and the entire people turned out to that end.

Cultural life of the Korean people, too, has been brought into fuller bloom.

In the past five years, the state's social and cultural spendings jumped 4.6 percent each year.

Thirty universities have come into being newly, the number of the nation's intellectuals reached nearly 1.7 million, which means more than one of every six workmen is a technician or specialist.

A number of works have been created, such as sequal parts of the multi-part feature film "The Nation and Destiny" and stage art pieces, masterpieces of the times national in form and socialist in content, and the electronic music of our style has further developed.

Tangun who had been known as a mythical figure for a long time was confirmed as a real person and the tomb of King Tangun was reconstructed splendidly as the tomb of the nation's ancestral father.

State investment in health care has increased year after year and the number of doctors for 10,000 persons went up to be 29.7 and the number of beds more than a hundred. The past five-year period witnessed the Korean people defending creditably the man-centred Korean-style socialism in a war without a gun report and acute political and military confrontation with the enemy.

At the time when the imperialists cried over the "end of socialism", the Korean people, under the guidance of Comrade Kim Chong-il, had the DPRK-U.S. talks, displaying once again to the world the strength and dignity of Korea that regards independence as lifeline.

Under the guidance of Comrade Kim Chong-il, supreme commander of the Korean People's Army, who is a great man produced by heaven and the most brilliant general in the world, the Korean People's Army is equipped with powerful offensive and defensive means and all soldiers have been prepared as fighters of a one-match-for-a-hundred foes, possessed of up-to-date military science and technology and the chuche-based tactics.

The U.S. imperialists and the South Korean puppets, during the period, have committed provocations against us on over 188,000 occasions, but drunk a bitter cup before the soldiers of the heroic People's Army.

The past five years during which the Korean people have advanced dynamically with unshakable faith and will were a proud period that has witnessed the truthfulness and invincibility of socialism as science and the superiority of the socialism of Korea.

The validity of the cause of socialism and the conviction in victory that have been kept deeper in the hearts of the Korean people during the period will be unchangeable even in 50 years, 500 years or tens of millions years, and they can not be broken with anything.

Farm Work Proceeds in Response to Party Calls

SK2705220295 Pyongyang KCNA in English
1503 GMT 27 May 95

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Efforts are concentrated on humus-potted maize seedling and rice transplantation and other immediate farm work in rural communities of the country in hearty response to the calls of the Central Committee of the Workers' Party of Korea published on the occasion of its 50th foundation anniversary.

According to data available at the State Agricultural Commission, humus-potted maize seedling transplantation reached the final stage as of May 26 and rice seedlings are transplanted on 7-8 percent of paddy fields on a daily average, taking the country as a whole.

South Hwanghae Province, a rice bowl on the west coast, set itself the goal of finishing the rice transplantation in good time, and is transplanting rice seedlings on more than 10,000 hectares of paddy field a day. The province has already finished humus-potted maize seedling transplantation.

South Pyongan Province and Nampo municipality are carrying out their daily quotas of rice transplantation at 120-130 percent.

Chagang Plants Score Gains in Power Generation

SK2905071295 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 28 May 95

[FBIS Translated Text] The party members and workers at the hydroelectric power plants in Chagang Province, who have risen to accomplish the party Central Committee's slogans issued on the occasion of the 50th anniversary of the founding of the Workers Party of Korea while upholding such slogans, are normalizing the electricity generation at a high level.

They are achieving innovations of generating 1.2 times as much electricity as last month — that is, they are overfulfilling daily electricity generation plans by more than 110 percent — by operating the power generating equipment at full capacity with the single-mindedness to further enrich our country, our fatherland.

In particular, the party members and workers at the Kanggye Youth Power Plant are generating more electricity than they did at the beginning of this month with the single-mindedness to uphold the party with the increased electricity generation, while remodeling the water mills in a rational way and enhancing the efficiency of the water mills by 3 percent; and while maintaining the water at a high level and operating the equipment in a highly efficient way.

Small and medium power plants, too, are waging a lively struggle to increase electricity generation. The small and medium power plants in the (Songgan), (Hapyong), (Tongsin), and (Chasong) Districts are overfulfilling daily electricity generation plans by more than 3.8 percent of the monthly plan by increasing the rate of operation of all power-generating equipment, while concentrating efforts on managing the facilities with a view to making the most of water.

Manager Interviewed on Details

SK3105071795 Pyongyang Korean Central Broadcasting Network in Korean
2200 GMT 29 May 95

[FBIS Translated Text] Party members and workers of the Chagang Province Small and Medium Power Plants Management Office have risen in unison to uphold with hearts the slogans of the party Central Committee and glorify the 50th anniversary of the party founding as a grand festival of the winners. They achieved an innovation by completing the May power generation target at 103 percent as of 27 May. Reporter Choe Un of the Central Broadcasting interviewed Manager Comrade Chang Chong-sol:

[Begin Chang recording] We, the party members and workers of the Chagang Province Small and Medium Power Plants Management Office, who have vigorously risen to uphold the slogans of the party Central Committee and glorify the 50th anniversary of the party founding as a grand festival of the winners, made a proud achievement of completing the May power generation target at 103 percent ahead of schedule on 27 May. During the implementation of the plan, all small and medium power plants were anxious to guarantee the full operation of all generating equipment at full capacity. Under the guidance of the party's leadership, the functionaries of our management office went to small and medium power plants and made methodical plans on economic organizational work and production plan to normalize power generation at a high level, while giving priority on guaranteeing the supply.

Workers of the small and medium power plants in Pungam-ri District stood at the vanguard of the struggle to increase power generation. During the implementation of the power generation plan, they stressed equipment management, particularly water management, with enthusiasm and achieved the innovation of fulfilling daily power generation plans at 120 percent. In accordance with the condition of an increased water supply, the electricity producers of the small and medium power plants in Changgang District focused on water management and carried out thorough maintenance of lines and waterways. They scientifically and technically operated generating equipment and normalized power generation at a high level. Small and medium power plants in Tongsin, Hwapyong, and Nasong Districts also actively discovered and mobilized internal reserve with the revolutionary spirit of self-reliance and fortitude and ceaselessly increased power generation. [end recording]

Iron, Steel Workers Score Gains in Production

SK2905021695 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 27 May 95

[FBIS Translated Text] The producers of iron and steel goods under the Ministry of Metal Industry — who have risen by accepting, with burning hearts, the party Central Committee's slogans issued on the occasion of the 50th anniversary of the founding of the party — are accelerating the production of iron and steel goods, full of new conviction and enthusiasm.

In an interview by station reporter Han Sung-chan, Comrade Kim Song-il, vice director of a bureau of the Ministry of Metal Industry, said:

[Begin Kim recording] The iron and steel works workers in various places under our Ministry of Metal Industry are currently waging a vigorous struggle to smoothly produce and supply iron and steel goods required by the great socialist construction sites and by various sectors of the people's economy.

On a ministry-wide scale, up to this month, the producers of iron and steel goods in various places under our Ministry of Metal Industry, who have risen as one to accomplish the party's revolutionary economic strategy, have increased the production of pig iron by 114 percent; steel by 109 percent; and rolled steel by 112 percent, compared with last month, while highly displaying the revolutionary spirit of self-reliance and fortitude.

Keeping deep in their hearts the importance of the duty assigned to them, the iron producers at the Kim Chaek Iron Complex have increased the daily production of iron and steel goods at the complex by 122 percent up to this month — compared with last month — by shortening the time of melting iron (?at each machine) to the maximum extent.

The iron producers at the Hwanghae Iron Complex have increased the production of iron and steel goods by 150 percent up to this month, compared with last month, while taking meticulous care of the facilities and technology and while operating all facilities at full capacity.

The steel producers at the Chollima Steel Complex and the Songjin Steel Complex are accelerating the production of iron and steel goods, while shortening the time needed for repairing the blast furnaces — the work which is carried out according to schedule — to a great extent.

In the future, too, we will not loosen such a spirit at all, but continue to achieve innovations in producing more iron and steel goods, thereby guaranteeing the smooth supply of such goods to the socialist construction sites and various sectors of the people's economy. [end recording]

Kanggye Plant Reports Gains in Power Generation

SK2805053795 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 26 May 95

[FBIS Translated Text] The electricity generating workers of the Kanggye Youth Power Plant are normalizing their daily electricity generation plans at the level of 105 percent, while upholding the party Central Committee's slogans issued on the occasion of the 50th anniversary of the founding of the party.

The electricity generating workers of the No. 1 power generating workshop are overfulfilling daily electricity generation plans by thoroughly meeting the demands of the standard regulations of operation, while keeping deep in their heart the importance of the duties assigned to them in the implementation of the party's revolutionary economic strategy.

The electricity generating workers of the No. 2 power generating workshop, too, are generating more electricity than ever before by operating the equipment very efficiently, while maintaining the water at a high level.

17 Mar Hydroelectric Plant Increases Production

SK2905065095 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 28 May 95

[FBIS Translated Text] Electricity producers of the 17 March hydroelectric power enterprise are achieving upsurges in production.

Electricity producers here who are engraving on their hearts the party Central Committee slogans on the occasion of the 50th anniversary of the party founding and who are vigorously working to produce more electricity, are fulfilling highly set daily targets without fail.

Electricity producers of the No. 1 power generation work site who are living and working at the glorious work site visited by the dear comrade leader, are putting emphasis in facilities management and are putting it into full operation, thus daily targets are being achieved by over 103 percent.

Electricity producers of the No. 2 and 3 power generation work sites and the Kuryong power station are also vigorously carrying out the struggle to increase electricity production by highly upholding the party's revolutionary economic strategy. Thus targets are being overfulfilled daily.

Soybean Sauce Plant Workers Build Power Plant

SK2505230795 Pyongyang NODONG SINMUN in Korean 6 May 95 p 3

[Report by correspondent An Si-kun from the Kowon Soybean Sauce Plant]

[FBIS Translated Text] The party members and workers of the Kowon Soybean Sauce Plant are vigorously pushing ahead with the construction of a medium hydroelectric power plant, upholding the party's intentions to build small and medium power plants everywhere.

They are completely fulfilling their combat goals, which they have highly set, while buckling down to the construction of a medium hydroelectric power plant under the guidance of the county party committee. As a result, they have already completed the building of dams and a several-hundreds-of-meters-long water route.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out:

"If we build small and medium power plants everywhere, the country can generate more electricity without making major investments and can save on power-transmission lines."

While setting a clear-cut combat goal to carry out the construction of the power plant in a rushed manner, the party members and workers there, who have risen as one while upholding the party's intentions with their hearts, are solving all questions arising from the construction by concentrating their efforts on the construction.

If the power plant, whose construction is underway in earnest, is completed and begins operation, it will be able to use the generated electricity for production activities at the soybean sauce plant and to heat the day-care center, the public bath, the barber shop, and the offices in the compound of the soybean sauce plant as well as to send the surplus electricity to industrial plants in other areas.

Under the guidance of the relevant party organization, while vigorously pushing ahead with the existing production activities, the soybean sauce plant has scrupulously carried out the organizational work to accelerate the construction of the power plant.

The enthusiastic functionaries of the soybean sauce plant have pushed the work to mobilize the reserves of the labor force and of materials, while going down deep into the producer masses and carrying out the political work in a new and striking fashion in order to actively arouse revolutionary enthusiasm and foster the wisdom of the producer masses.

As a result, the construction of the power plant is being vigorously pushed.

The party members and workers there are waging a brilliant struggle with single-mindedness to lighten the burden of the country by building a power plant with their own efforts and technology.

They have built dams and dammed up the river with the intensive mobilization of machines, and have concentrated their efforts on digging a several-hundreds-meter-long tunnel.

It was not easy to dig the tunnel.

This notwithstanding, they accelerated the digging of the tunnel by pooling their strength and wisdom as well as by securing plenty of modern and efficient tunnelling equipment.

Therefore, they completed digging the tunnel ahead of schedule, which had been said to be difficult to fulfill with their own strength, and completed all preparations to install an electric generator there.

They also waged a vigorous struggle to set up electric poles along a several-tens-of-li-long section.

Standing at the head of the party members and workers, the functionaries of the soybean sauce plant, including the secretary of a primary-level party committee and the manager of the plant, handled timber for the electric poles and dug holes for the poles.

They also achieved innovations by building drawing equipment on their own and producing power-transmission lines from the equipment.

The reward for their struggle was great.

While normalizing production at the soybean sauce plant at a high level, they achieved upsurges in completing the vast construction ahead of schedule, laying the power-transmission lines along a several-tens-of-li-long section.

Without becoming conceited over the success they have achieved, the party members and workers of the Kowon Soybean Sauce Plant are accelerating the vigorous onward march in the spirit of Chollima plus "the speed battle of the 1990's", with a view to completing the construction of the medium, hydroelectric power plant and generating electricity before the 50th anniversary of the founding of the party.

South Korea

Reportage on U.S.-DPRK Talks in Malaysia

DPRK Wants Auxiliary Facilities

SK3105004095 Seoul CHOSON ILBO in Korean 31 May 95 p 1

[By reporter Kim Sung-yong from Kuala Lumpur]

[FBIS Translated Text] It was learned that at the North Korea- U.S. semi-high-level talks in Kuala Lumpur, North Korea requested the provision of auxiliary facilities for light-water reactors worth approximately $1 billion, including electricity transmission facilities and nuclear power station simulators.

Sources in Kuala Lumpur said: "While North Korea advanced this proposal amid ambiguous signs that may be interpreted as virtual acceptance of the ROK-model light-water reactors, its request for additional assistance is unreasonable."

At the 30 May talks between senior delegates at the North Korean Embassy, the United States tried to confirm whether North Korea's recently disclosed concessionary position indicated that it would accept the ROK-model light-water reactors and the ROK's leading role. North Korea refrained from answering the question, and repeatedly requested additional assistance. As a result, the talks ended in 45 minutes.

The additional facilities which North Korea requested include electricity transmission facilities, roads and port facilities, and simulators. North Korea made similar requests at the Berlin talks, but this time, its request is wider in range.

North Korea reportedly also requested the early shipment of heavy oil (100,000 tonnes) and an easing of U.S. economic sanctions against North Korea.

31 May Talks Last '20 Minutes'

SK3105062695 Seoul KBS-1 Radio Network in Korean 0600 GMT 31 May 95

[FBIS Translated Text] The United States and North Korea held a plenary session at the North Korean Embassy in Kuala Lumpur today, but the session ended after only 20 minutes. After the end of the talks, U.S. delegate Hubbard, deputy assistant secretary of state, said that there had been no progress today. Chong Song-il, a core working member of the North Korean delegation, also said that North Korea tried to conduct in-depth discussions on what was discussed yesterday, but that nothing significant had resulted. He added that the talks will continue.

No Role for Seoul in Talks

SK3005135095 Seoul HANGUK ILBO in Korean 30 May 95 p 2

[Article from the "Reporter's Eye" column by Ko Taesong, reporter for HANGUK ILBO's Political Department II, filed from Kuala Lumpur: "The North Korea-U.S. Negotiations... Vexed the ROK"]

[FBIS Translated Text] On 29 May, during the North Korea-U.S. semi-high-level negotiations that have experienced ups and downs for 10 consecutive days, North Korea asked the United States to "make a resolute political decision befitting a rich nation."

North Korea is apparently asking the United States to grant North Korea "special consideration" and disconnect the linkage between the ROK and the project to construct light-water reactors.

In turn, the United States asked North Korea to make a resolute political decision of its own. Under the circumstances in which the negotiations have become stalemated, the two have been asking each other to each make "a resolute political decision," thereby creating a tedious situation under which the negotiations have become protracted.

The United States is asking North Korea to admit the existence of ROK-style light-water reactors and accept a central role for the ROK in the light-water reactor project, while persuading North Korea the United States will make sure North Korea's burden in accepting ROK-style reactors will be lessened to the maximum extent. By the way, the U.S. attitude hints that the United States is ready to strike a bargain with North Korea regarding the ROK playing a central role, which is a matter of principle. We feel this matter of principle is being pushed aside.

What, then, is the ROK's position and situation at this moment? On several occasions since the North Korean nuclear issue was raised, the ROK has made "resolute political decisions" that have not been easy for us to make. The ROK has handed over leadership of solving the light-water reactor issue to the United States, and furthermore, it has virtually disconnected the links between light-water reactors and South-North dialogue, withdrawing its demand that special envoys be exchanged between the South and North.

In the process of North Korea and the United States reaching a framework agreement in Geneva last year, the ROK made a resolute decision to tolerate the postponement of ad hoc inspections of North Korea's nuclear facilities. In addition, the ROK decided to supply North Korea with light-water reactors almost free of charge, not knowing how North Korea would use them. Whether we desired it or not, only the ROK has been forced to make resolute political decisions.

This notwithstanding, while looking at the process of the U.S.-North Korean negotiations, we feel we will be forced once again to make a lonely decision. The more far-fetched the logic of North Korea, the more emphatically we must stress the matter of principle once again. However, under these circumstances, how long should we continue to make difficult decisions by ourselves? We feel sadness because we cannot sit at the negotiating table.

No Accord Reached in Beef Talks With U.S.

SK3105125095 Seoul YONHAP in English 1154 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — South Korea held a series of quarterly beef talks with the United States, New Zealand and Australia in the recent past but no agreement could be worked out, a source at the Agriculture, Forestry and Fisheries Ministry said Wednesday.

The talks were held at the Kwachon Government Building with the United States on May 10, with New Zealand on May 24 and with Australia on May 31.

The source said discussions were centered on the question of increasing the number of beef importer "super groups" inasmuch as the ratio of the beef to be imported under the SBS (simultaneous buying and selling) method would increase from the present 30 to 40 percent of the total beef imports beginning 1996.

The United States, in particular, asked that the beef imported by the meat processing association under the SBS method be allowed to be marketed without being processed only.

On the other hand, Korea suggested that the amount of the beef imported in excess of a year's quota be carried over and included in a following year's quota.

Beef exporting countries wanted that "super groups" be allowed to trade imported beef among themselves, but no accord on the matter was reached.

Half Disqualified Livestock Products From U.S.

SK3105064395 Seoul THE KOREA TIMES in English 31 May 95 p 8

[FBIS Transcribed Text] About half of all disqualified imported livestock products came from the United States.

According to the National Animal Quarantine Service yesterday, 179.6 tons of imported livestock products covering 37.3 cases were disqualified because either they lacked quarantine certificates or were decaying as of the end of April among the total of 273,665 tons that were imported in 12,212 cases.

Of the disqualified products, those imported from the U.S. accounted for 90.1 tons in 84 cases. They broke down into 17.4 tons of beef, 39 kilograms of pork, 19.1 tons of beef byproducts, 46.4 tons of pork byproducts, 1.3 tons of beef carried by tourists, 4 kilograms of pork also taken in by tourists, 46.4 tons of turkey and 2 kilograms of ham.

The major reason for the disqualification was because they did not have quarantine papers, were decayed or not frozen.

They were shipped back, buried or burned. During the same period, a total of 264,110 head of animals were imported. Among them, two horses and 40 badgers were shipped back or burned because they were diseased or lacked quarantine papers.

U.S. Steel Pipe Industry To File Complaint

SK2805064895 Seoul CHUNGANG ILBO in Korean 28 May 95 p 8

[By reporter Min Kuk-hong]

[FBIS Translated Text] The U.S. steel pipe industry is moving to file a complaint with the United States Trade Representative [USTR] against the ROK Government in the near future, alleging that the ROK Government's control of prices and trading quantity of steel goods is an unfair practice violating Super 301.

On 27 May, a Ministry of International Trade and Industry official said: "We have been informed by our country's business representatives and lawyers employed by the ROK Iron and Steel Association based in Washington, D.C., that the U.S. Steel Pipe Association will file a complaint against us with the USTR in the near future."

And, according to the relevant ROK business circles, the per-tonne price of hot coil in the ROK domestic market increased by 5.9 percent to 256,000 won in Korean currency (about $330) in 1990; and has since then remained frozen over the past five years. Therefore, it is reported that such a price is over $100 lower than the international price ($430 to $440) as of May 1995.

In spite of the discrepancy between the ROK domestic and international price, the Pohang Iron and Steel Corporation [Posco], the ROK's only hot coil manufacturer, reduced early this year the quantity of hot coil for export to 800,000 tonnes until April, while employing a sales strategy focused on the domestic market. Even though the international price of hot coil is continuously increasing, the ROK's export ratio of hot coil has been declining from 20 percent in 1992 to 17 percent in 1994 and again to 15 percent this year.

Posco is planning to export only about 2.5 million tonnes of hot coil out of the total production of 17.3 million tonnes this year.

Under these circumstances, the U.S. steel pipe industry is moving to file a complaint with the USTR against ROK-made steel pipes. We cannot rule out the possibility that such a move by the U.S. industry will also spread to the electronics and automobile industries, which are also using hot coil as a raw material.

The U.S. industry is alleging that the ROK Government is as good as providing subsidies to the ROK steel pipe industry.

Nonetheless, it has been learned that the ROK authorities concerned and Posco share the perception that because Posco is a public enterprise, it should pay more attention to increasing its competitive power, and become the main exporter of the ROK, rather than getting more profits.

As a result, Posco has come to suffer from losses of more than $100 per tonne of the above-mentioned product because of the reduced quantity of export volume. In addition, Posco is having much difficulty maintaining relationships with its overseas buyers as a result of the reduced quantity of export volume.

By the way, ROK enterprises are earning money by receiving supplies of Posco's hot coil, which are cheaper than foreign products. Some point out that such ROK enterprises have, therefore, become lazy in making their own efforts to increase their respective productivity.

Kentucky Governor Arrives for Trade Talks

SK2905085895 Seoul YONHAP in English 0716 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — Governor Brereton C. Jones from the state of Kentucky, in the United States, flew to Seoul Monday on an official three-day visit to enhance trade and investment between South Korea and the American state.

While in Seoul until Wednesday, Jones will meet with Prime Minister Yi Hong-ku and business leaders to discuss ways to promote economic and trade relationships, a Foreign Ministry spokesman said.

The state of Kentucky will establish its own liaison office here during the visit by Jones, he said.

Jones will also hold a seminar to promote investment by Korean businessmen in Kentucky, he said.

Jones was accompanied by Marvin E. Strong Jr., secretary of Kentucky's cabinet for economic development, James K. Navolio, commissioner of the department of job development at Kentucky's cabinet for economic development, and Hugh A. Haydon, commissioner of the department of community development for Kentucky's cabinet for economic development.

Jones, who visited Japan before coming to Korea, will leave for Hong Kong Wednesday.

Samsung Wants U.S. Military TV Station

SK2805053595 Seoul TONG-A ILBO in Korean 27 May 95 p 2

[FBIS Translated Text] The Samsung Business Group (Chairman Yi Kon-hui) has made public that it will "positively consider taking over" the channel used by AFKN [American Forces Korean Network] or KBS [Korean Broadcasting System] 2 TV, in case they are handed over to private owners.

The Samsung Group held a group-wide business management briefing on 26 April. In the briefing, Samsung made public the following: We understand that the AFKN channel will be taken back from the U.S. Forces in Korea in September and will be used as a military communications channel, and that no government decision has been made yet on whether to hand over the KBS 2 TV channel to private owners. This notwithstanding, we will consider taking over either one of the channels, in the event they are handed over to private owners."

Meanwhile, on 26 May, the Ministry of Public Information said: "The government has never considered handing over the KBS 2 TV and AFKN channels to private hands — if the AFKN channel is taken back — nor is such an idea probable."

The ministry added: "As soon as we retrieve the AFKN channel, we will use it as a military communications channel. And, it is not even worthwhile talking about handing over the KBS 2 TV channel to private hands."

Regime Wary of DPRK Linking Boat Seizure, MAC

SK3105052395 Seoul CHOSON ILBO in Korean 31 May 95 p 1

[By reporter Hong Sok-chun]

[FBIS Translated Text] The North Korean abduction of the "Usong" boat has become the focus of attention in a situation where North Korea has rejected the Military Armistice Commission [MAC] and the Armistice Agreement. North Korea will obviously use such tension as a major lever in the U.S.-North Korea semi-high-level talks.

North Korea may attempt to use the fishing boat incident to heighten tensions in the ROK, which is pressuring North Korea to accept the ROK-style light-water reactors and has raised the rice issue, and also to save itself from a difficult internal situation.

Following North Korea's measures to incapacitate the MAC, the ROK Government has been concerned about such an eventuality, and kept a close watch on North Korea's moves. The ROK Government is paying particular attention to the possibility that during negotiations on repatriation of the "Usong" boat, North Korea may demand a new peace agreement system and negotiation channels outside the MAC.

Red Cross Letter Urges Return of Fishing Boat

SK3105020195 Seoul KBS-1 Radio Network in Korean 0100 GMT 31 May 95

["Text" of letter from Kang Yong-hun, president of the ROK Red Cross, to North Korea, requesting return of the "86 Usong" boat — read by announcer]

[FBIS Translated Text] Broadcast letter from the president of the ROK Red Cross to North Korea to Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross:

According to our relevant authorities, around 12:50 pm [0350 GMT] on 30 May 1995, a civilian fishing boat "86 Usong" was apprehended by a patrol boat of your side on the seas 20 miles northwest of Paengnyong Island. The incident is thought to have resulted from a navigational error in the return by captain Kim Pok-won and seven fishermen from Rongcheng Port in Shandong Province, PRC to Inchon Port.

I hereby request that your esteemed Red Cross actively cooperate in the immediate repatriation of the "86 Usong" and the fishermen on board, based on Red Cross humanitarianism and fraternal love.

I await your positive reply.

[Dated] 31 May 1995

[Signed] Kang Yong-hun, president of the ROK Red Cross

NUB Minister on Rice Aid for North, Reactors

SK3105093295 Seoul YONHAP in English 0924 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — Na Ung-pae, deputy prime minister and minister of the National Unification Board (NUB), said Wednesday that South Korea's proposal to supply rice to North Korea does not carry any conditions.

Answering questions at the National Assembly's National Unification and Foreign Affairs Committee, Na said, "Therefore, South Korea's rice aid is not linked with Japan's possible rice assistance to North Korea."

He said that since the government is to supply food grains from a humanitarian perspective, it does not attach any conditions or any political strings to the offer.

He hoped, however, that South Korean rice will be supplied first.

"But, it is the government's position that if possible, South Korean rice should be supplied first, before Japanese rice is provided to the North. And the government hopes that Japanese rice assistance should be realized with the intent that it should contribute to improvements of inter-Korean relations."

"It's undesirable to give to the rice issue such a political meaning as 'exclusion of South Korea' or 'Japan-North Korea rapprochement,'" said Na, hinting that South Korea is opposed to a possible attempt by Tokyo and Pyongyang to use the rice issue politically.

Turning to the World Vision's intention to offer rice to the North for free, Na stated that there is no change in his ministry's position of approving the religious organ's plan on condition that the rice will be delivered to needy North Korean citizens.

"We will make a decision in an affirmative direction by June 20 after seeing North Korea's reaction to our proposal," he said.

In connection with the North Korean nuclear reactor project, Na said that South Korea sticks to its policy of establishing a clear- cut definition of the reactor type and playing a central role in the project in view that an orderly progress of the project itself would hardly be available if things are handled in an "ambiguous" manner due to the difficulty of negotiations.

"Naming (the reactors) 'Korean-standard model' means Ulchin Nos. 3 and 4," Na said.

Referring to the issue of establishing an inter-Korean peace regime, he said, "A peace accord, which is not one between South and North Korea but one between the United States and North Korea, will never be conducive to the settlement of a peace regime on the Korean peninsula."

Japan Plan for Envoy on DPRK Rice Rejected

SK3005130695 Seoul YONHAP in English 1253 GMT 30 May 95

[FBIS Transcribed Text] Tokyo, May 30 (YONHAP) — The South Korean Government in effect turned down a plan of the Japanese coalition ruling parties Tuesday to send their officials to Seoul to obtain South Korea's understanding of possible provision of rice by Japan to North Korea.

South Korean Ambassador Kim Tae-chi called on Koichi Kato, chairman of the Liberal Democratic Party's Policy Affairs Research Council, at his Diet office to tell him that South Korea can hardly agree to visit to Seoul by a coalition party delegation.

Kim said it would be good for Japan to wait and see a little further since there is no response from Pyongyang yet to South Korea's proposal for unconditional provision of rice to North Korea.

The ambassador said the Japanese coalition ruling parties may send a delegation to Seoul at any time. But, its visit to Seoul on the specific rice issue at this time would hardly prove effective since there is no way at the moment to know how North Korea would come out over the issue, Kim said.

During the meeting, Chairman Kato expressed the hope for the early dispatch of a coalition ruling party delegation to Seoul to explain about Japan's policy over the issue of furnishing rice to North Korea, a source said.

North Reportedly Sought UN Food Aid in Apr

SK3105063095 Seoul YONHAP in English 0622 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — Amid reports that North Korea recently asked Japan for food assistance in the form of rice, the communist country made a similar request last April to the United Nations Educational, Scientific and Cultural Organization (UNESCO), for rice aid in order that North Korea may feed its school children.

A senior government official said Wednesday that North Korea requested the UN organization supply 5,000 tons of rice to provide meals for the its school children.

He said, however, he did not know the details regarding the method North Korea used to make the request for UNESCO's assistance.

Another government official explained that the North's request for rice is an indication that the food shortage there has reached a critical point, saying that some of the residents living in North Hamgyong, Chagang and Yanggang Provinces have not been distributed food for the past six months.

DPRK Economic Policy Moves Toward 'Pragmatism'

SK3005121395 Seoul CHUNGANG ILBO in Korean 30 May 95 p 5

[FBIS Translated Text] Signs of change have been seen through cracks in the crossbar of the gate to North Korea, which until recently had appeared to remain tightly closed. Such signs of change can be seen in North Korea's latest attitude in the U.S.-North Korean negotiations regarding light-water reactors currently being held in Kuala Lumpur, as well as in North Korea's latest request to Japan for grain aid.

First, as regards the light-water reactors, it is worth noting the attitude shown by North Korea on 27 May. In that day's negotiations on the question of light-water reactors, North Korea reportedly put forth a new proposal that appeared close to the position of the ROK and the United States.

In addition, North Korea reportedly hinted that if the question of light-water reactors is solved, North Korea will engage in South-North dialogue.

On the same day, a spokesman for North Korea's Foreign Ministry said Pyongyang "attaches importance to which country's design and technology the manufacture of light-water reactors is based on. However, the DPRK is not interested in where such reactors are manufactured." North Korea's allegation is that the United States, having ulterior motives, is insisting on "light-water reactors that will be manufactured on the basis of the United State's own technology and designs with another's name (ROK-style designation) on them." This attitude has not been seen before.

On 26 May, one day before such remarks were made, Yi Song-nok, chairman of North Korea's International Trade Promotion Committee, while visiting Japan, asked Tokyo for grain aid, saying: "We are short of rice because of major damage done to the crops as a result of bad weather."

Until only a few days before, North Korea claimed its residents were eating heartily, enjoying bumper crops. In contrast, North Korea openly admitted to Japan its own needy circumstances. This was the first time North Korea has ever admitted such a thing.

In addition, a news report carried in the 29 May CHUNGANG ILBO confirmed, through various sources based in the PRC who are well-versed in North Korean affairs, that North Korea is seeking change.

North Korea has reportedly allowed the operation of private restaurants and the expanded cultivation of vegetable gardens; has discontinued large construction projects; and instead, has given priority to the light industrial sector. This is a sign of an enormous change showing North Korea is moving in the direction of pragmatism.

The signs of a slight change shown in the negotiations regarding light-water reactors, and North Korea's admission of its food shortage, can be construed as meaning North Korea has also begun applying a pragmatic line to its external policy that it has been secretly implementing.

North Korea's pragmatic line is desirable considering that the ROK has so far tried to actively encourage North Korea to implement such a line. The adoption of this line means North Korea will ultimately break away, politically and economically, from its previous unrealistic line.

Accordingly, the government should also make meticulous preparations to cope with the new situation while actively seeing to it that a pragmatic line is established in North Korea.

National Security Monitoring Group Set Up

SK2705010995 Seoul YONHAP in English
0036 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — The presidential office of Chongwadae will inaugurate a national security monitoring team to begin operations June 1 checking the nation's security situation around the clock and to positively cope with the rapidly-changing international situation.

Yu Chong-ha, senior presidential secretary for foreign and national security affairs, said Friday that the security monitoring team will be comprised of nine working-level officials from the National Unification Board (NUB) and foreign and defense ministries.

Headed by a grade four government official, the team's members will be divided into three shifts and operate around the clock, Yu explained, adding the monitoring office could be enlarged and made permanent if found to be necessary.

Nations Okay Pact on Tumen Development

SK3005030895 Seoul YONHAP in English
0241 GMT 30 May 95

[FBIS Transcribed Text] Beijing, May 30 (YONHAP) — North and South Korea, China, Russia and Mongolia on Tuesday initialed two agreements related to the Tumen River area development plan in a United Nations Development Fund-sponsored meeting that opened here Monday.

One document initialed will establish a five-nation consultative body to oversee the development of the river area and Northeast Asia, and the other document was a memorandum of understanding on economic development in the river basin and principles of environmental protection in Northeast Asia.

In addition, North Korea, China and Russia also initialed an agreement establishing a coordinating committee for development of the Tumen River area, said Chong Tok-ku, chief of the Finance and Economy Ministry's International Economic Affairs Bureau, who headed the South Korean delegation to the meeting.

During the meeting, officially titled the fifth program management meeting of the Tumen River area development plan, the five nations discussed, selecting a location for the plan's secretariat, signing an agreement outlining the division of development costs, as well as action plans for the future.

The meeting will last until Friday this week.

Relief Aid Readied for Sakhalin Quake Victims

SK3105080795 Seoul YONHAP in English
0130 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — Two Korean Air (KAL) charter planes will fly to far eastern Russian city of Yuzhno-Sakhalinsk early Thursday morning, loaded with 300,000 U.S. dollars worth of relief to be provided for the earthquake-stricken people in northern Sakhalin, a Foreign Ministry spokesman said Wednesday.

Russia's Emergency Situations Ministry announced late Tuesday that it will accept the South Korean offer to send emergency goods to sufferers of earthquake in northern Sakhalin, the spokesman said.

Each of the airplanes will carry 25 tons of emergency medical supplies, tents, clothing, bottled water and other foods, he said.

Cho Il-hwan, deputy director of the Foreign Ministry's European Affairs Bureau, will deliver the relief supplies to the Russian authorities at the Yuzhno-Sakhalinsk Airport, about 800 kilometers away from the quake-ridden area, on behalf of the South Korean Government, he said.

The flights will depart Kimpo Airport at 6 am [2100 GMT 31 May] and arrive at 12:10 pm [0310 GMT 1 June] in Yuzhno-Sakhalinsk.

The ministry expects to deliver a second batch of relief supplies to quake victims this weekend when the Russian authorities inform South Korea what they need.

Kim Yong-sam Condoles Yeltsin on Sakhalin Quake

SK2905004195 Seoul YONHAP in English
0012 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — President Kim Yong-sam sent a consolatory message to Russian President Boris Yeltsin Sunday afternoon in connection with the tragic earthquake that hit the northern cities of Neftegorsk and Okha in Sakhalin.

UK Urges Meeting OECD Financial Rules

SK3105080295 Seoul YONHAP in English
0716 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — Visiting British Trade Minister Anthony Nelson on Wednesday stressed that Korea must "urgently table improved financial liberalization measures if the GATS (General Agreement on Trade and Services) negotiations are not to fail," a press release issued by the British Embassy said.

Nelson, the minister of state at the British treasury, made the comment during a speech to the British Chamber of Commerce at a luncheon held at the Hilton Hotel, the release said.

The British official also gave an upbeat account of the prospects for the British economy and for British-Korean trading links, it further said.

Before he arrived in Seoul, Nelson was in Paris at the OECD ministerial meeting, where they discussed Korea's entry into the international organization.

"We welcome Korea's intention to become a member of the OECD," Nelson said, adding, "We also look forward to Korea making the necessary financial liberalization measures which will enable it to meet OECD requirements."

The minister is on a three-day visit to Seoul, during which he will hold meetings with the vice minister of finance and economy, the governor of the Bank of Korea and the chairman of the Korea Stock Exchange. As for business contacts, he will meet with the presidents of Pohang Iron and Steel Co. (Posco) and Cho Hung-bank.

Nelson is also scheduled to speak in Suwon, Kyonggi-to, Friday to commemorate the launching of "British Day."

Curbs on Foreign Futures Trading To End

SK2705040195 Seoul THE KOREA TIMES in English
27 May 95 p 17

[FBIS Transcribed Text] From next month, Korean companies will be able to invest in all the commodities traded on overseas futures exchanges. They will also not be subject to rigid underlying documentation requirements to provide evidence that their trading in commodities futures contracts overseas is for demand, not speculative, purposes.

The Office of Supply announced yesterday that the current rule banning Korean firms from trading in commodities futures beyond an authorized 30 commodities will be abolished, thus enabling them to trade in all the commodities traded on foreign exchanges.

Thus, they will be able to buy and sell futures contracts for natural gas, potatoes, pork, milk, cattle, rice, barley, orange juice, coffee, and sesame, among other commodities, the Office of Supply said.

Local firms are currently prevented from expanding investment in commodities futures contracts beyond their average annual trading volume in the past two years. But the rule will be changed to permit them to deal in commodities futures contracts in amounts equal to the larger trading volume of the past two years.

Firms initiating commodities futures trading for the first time will be able to buy foreign commodities futures contracts for the amount they need for the next two years.

Traders of small-sum commodities futures contracts will no longer need to provide underlying documents to prove their deals are for real demand purposes. More than two Korean brokers will be able to sign brokerage contracts with the same foreign broker, the Office of Supply said. Currently, different Korean brokers are unable to maintain business contracts with the same foreign broker.

In 1974, Korean firms started to hedge risks arising from the wide fluctuation of prices in international raw materials by buying and selling commodities futures contracts overseas. Annual commodities futures trading volumes has expanded by more than 40 percent in recent years and this year's volume is expected to exceed 10 billion dollars.

Yim Chang-yol, chief of the Office of Supply, said the deregulatory measures are aimed at helping local firms to hedge against wide price fluctuations in international raw materials. In addition, the government is also preparing for the establishment of a commodities futures exchange to be established possibly next year or 1997, he added.

WTO Notified on Agricultural Import Tariffs

SK2705041495 Seoul THE KOREA HERALD in English 27 May 95 p 8

[FBIS Transcribed Text] Korea has officially notified the World Trade Organization (WTO) [of] the tariffs for the 79 major agricultural, livestocks and fisheries import items, the Ministry of Agriculture, Forestry and Fisheries said yesterday.

The tariff rates themselves remain unchanged since their first announcement in late 1994. But the initiation of the WTO early this year calls for the formalization of tariff schedule from member countries.

With yesterday's notification to the WTO, Korea and eight other WTO member nations including the United States, Japan, Canada, Australia and Thailand have submitted their tariff quota schedule for major import products.

"Exporting nations can technically raise objections. But we don't expect to encounter much resistance from other countries as the question of market access has already been settled," a ministry official said.

As previously announced, 13 major items including rice and sesame seeds are being imported under the minimum market access (MMA). The current market access (CMA), based on consumption, applies to 39 items, such as corn, orange juice and mixed feed grains.

Fifteen items such as meats and soybean are being imported under by private importers and/or on domestic demand basis.

In addition to the 67 items to which either the CMA or MMA is applicable, 12 other items are subjected to the special safeguard (SSG) tariffs. The SSG system allows the importing nations to impose extra duty on a temporary basis should the import price falls below the market price.

The system will apply to buckwheat, dried and fresh sweet potatoes and potatoes.

Health Ministry Introduces Food Recall System

SK2705042095 Seoul THE KOREA HERALD in English 27 May 95 p 3

[FBIS Transcribed Text] A recall system is the new major vehicle for improving food sanitations put forth by the Ministry of Health and Welfare, as the ministry moves away from a regulation-ridden to safety-control policy.

To gather opinions from all walks of life, the ministry yesterday held a public hearing on its tentative outline for improving sanitary conditions of food products, at the National Institute of Health (NIH).

The changes are all about rendering more autonomy and responsibility to manufacturers, ministry officials said. To that effect, the days of government-set regulations, which not only largely set the course of the food industry, but was ineffective in ensuring sanitary food products, are now numbered. The projected measure has more checkpoints to guarantee safety of food products at every turn.

The officials said that with the new measure, manufacturers will have a free hand in setting the shelf life for products starting in September. It will be a gradual step, though, depending on the size of the business, product and distribution channels.

However, except for food products that are easily spoiled or require separate distribution channels, all other items will be deregulated by 1998.

Offsetting autonomy is the throng of responsibilities that fall on the manufacturers' shoulders.

When the new regulations go into effect in June this year, manufacturers will have to have an inset quality-assessment system and also keep track of their records. The Hazard Analysis and Critical Control Point (HACCP) system will be applied on easily spoilable items, starting this year, throughout the product's production, distribution and consumption stages.

Also included in the new measure is a more focused and expanded inspection system. A monitoring system checking pesticide residual on agricultural, meat, poultry and seafood items will be expanded. And lastly, more indices are added to check food pollutants such as pesticide and animal antibiotics.

The officials said the recall system will reinforce the safety measures, closing the loop. If a food item or a product is found with a hazardous pollutant during quality assessment, manufacturers will be responsible for its recall and disposal. However, it will be a two-pronged system, where both a voluntary and government-administered recall system will work hand-in-hand, they said.

Many Imported Plants Fail To Clear Customs

SK2705025795 Seoul YONHAP in English
0140 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — About 26.8 percent of imported plants failed to pass customs' quarantine regulations in the first four months of this year, the National Plant Quarantine Service said Saturday.

Of the total 17,110 items of imported plants, the service said 4,585, or 26.8 percent, failed to pass the regulations during the cited period. About 7.6 percent of the total or 1,303 kinds were sent back or properly disposed.

However, 71.6 percent of the unsuccessfully imported plants, or 3,282, did [manage] to clear customs' regulations after they were disinfected.

A total of 12,629 items of grains, including corn, wheat, and cash crops like herb medicines, were imported between January and April of this year.

And about 17.2 percent of them or 2,174 items could not pass the quarantine check because they were found to have unacceptable levels of residue of agricultural chemicals or because harmful insects were detected in the plants. About 39.5 percent (858) were sent back to the country that shipped them, the remainder were disposed of.

Of the total 3,365 items of wood imported during the period, 1,912 (56.8 percent) were found to be infected with blight and harmful insects or agricultural chemicals.

About 99.8 percent of them (1,908) were cleared by customs after being disinfected.

Largest Number of Guest Workers From Indonesia

SK2905070095 Seoul YONHAP in English
0622 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — Indonesia will be supplying the largest number of industrial workers to South Korea with 7,000 additional laborers permitted by the South Korean Government to work here starting late next month.

Following Indonesia in terms of the number of alien workers to be allowed entry to South Korea are Vietnam with 5,000, Bangladesh with 3,500, China with 2,000, the Philippines with 1,500, Sri Lanka with 1,500, Uzbekistan with 1,000 and Thailand with 500, the International Trade and Industry [Ministry] said Monday.

Countries excluded from the ministry's additional allotment, which allows for the importing of alien workers are Nepal, Myanmar, Pakistan and Iran, because there were comparatively a higher percentage of workers from these states who deserted, without following proper procedures, from their assigned industrial workplaces in South Korea.

Officials at the ministry explained that the additional allotment program for the countries was made on the basis of a comprehensive evaluation done during the past year which recorded the activities of foreign workers, their desertions and the industries' requirements.

In a meeting held May 17, the South Korean Government decided to introduce 20,000 additional foreign laborers, augmenting the current 30,000 workers already scheduled to alleviate the shortage of labor being experienced by small- and medium-sized industries.

The ministry is also planning to encourage the industries to sign contracts with alien trainee workers by early next month so that they can be assigned to each industrial workplace starting in June.

Mongolians To Work as Industrial Trainees

SK2905065595 Seoul YONHAP in English
0610 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — South Korean businesses are expected to be encouraged to employ Mongolian workers as industrial trainees beginning in the latter half of the this year.

Labor Minister Chin Nyom, asked by his Mongolian counterpart E. Gombojab to allow Mongolian workers to enter the country as industrial trainees Monday, promised to promote the idea.

"With economic exchange between the two countries on the rise, it is necessary to bring Mongolians into the country even for the sake of supporting Korean firms operating in Mongolia," Chin told Gombojab. "I'll ask the Korea Federation of Small Business (KFSB) to study the inclusion of Mongolians in the recruitment of foreign industrial trainees."

A KFSB official said that it will be possible to include Mongolians among 20,000 foreigners to be brought into the country as industrial trainees during the latter half of this year.

Over 24,000 foreign industrial trainees now in the country come mostly from China, Vietnam, the Philippines, Bangladesh and Indonesia, but currently none come from Mongolia.

Six Korean firms have invested 240,000 U.S. dollars in the inner Asian country, with which South Korea established diplomatic relations in 1990. Bilateral economic cooperation includes South Korea's support for the construction of a thermal power plant in Mongolia. A program to exchange personnel between the two nations, including youth service group dispatches to Mongolia, is also underway.

Kong No-myong, Albanian Minister Sign Agreement

AU2705184595 Tirana TVSH Television Network in Albanian 1800 GMT 26 May 95

[FBIS Translated Text] The Albanian delegation led by Foreign Minister Alfred Serreqi concluded its visit to the Republic of Korea on 25 May.

On 24 May, the Albanian delegation was received by Korean President Kim Yong-sam and Foreign Minister Kong No-myong. At both these meetings, the determination of the Republic of Korea to strengthen relations and cooperation with Albania in three directions — political, economic, and multilateral — was expressed.

After the talks at the Foreign Ministry, where both ministers found understanding, Serreqi and Kong signed an agreement on technical and scientific cooperation between the Republics of Albania and Korea. The Korean foreign minister stated that the agreement will soon be followed by the implementation of other agreements that will serve as a judicial basis for economic cooperation.

Mr. Serreqi also met and held talks with the leaders of the country's largest companies, who stressed that they were preparing delegations of experts to send to Albania with the aim of cooperating with our country in the field of energy, infrastructure, mining and textile industries, telecommunications, tourism, etc.

Telecommunications Agreement Signed With Canada

SK2805045695 Seoul THE KOREA HERALD in English 28 May 95 p 8

[FBIS Transcribed Text] Korea and Canada have agreed to further boost bilateral ties in the telecommunications fields.

Canada's Secretary of State, Science, Research and Development Jon Gerrard, in Seoul to attend the forthcoming APEC [Asia-Pacific Economic Cooperation] Ministerial Meeting on the Telecom and Information Industry, met with Korea's Minister of Information and Communications [MIC] Kyong Sang-hyon at Hotel Shilla yesterday.

Kyong and Gerrard held concrete discussions on ways to promote mutual cooperation in the information and telecom industry.

At the end of their talks, they signed a memorandum of understanding (MOU) to the effect.

Under the MOU, the two countries will expand information exchanges and technological transfer. The MOU also calls for increased cooperation in the control of radio frequency resources and cellular technologies.

"Seoul can gain a lot from strengthened ties with Canada, particularly, in the fields of satellite and wireless communications and software development," said an MIC spokesman.

As the North American telecom market is reaching a "saturation point," Canada has also made great efforts to advance into the Asian telecom market, including South Korea and China, in recent years.

At present, Korea Telecom, Dacom and Korea Mobile Telecom are technological partners with Canada's Bell Canada, Northern Telecom and Glenayre, respectively.

Canada is one of the world's most advanced countries in the telecom sector. About 60 phone circuits are owned by every 100 Canadians, while Korea's corresponding figure is 40 circuits.

Communications Cooperation Pact With Singapore

SK3105125195 Seoul YONHAP in English 1156 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — South Korea and Singapore on Wednesday signed a memorandum of understanding on bilateral communications cooperation.

The memorandum calling for the creation of a Communications Cooperation Committee and annual communications meeting between the two countries was signed by Information and Communications Minister Kyong Sang-hyon and Singapore Minister for Communications Mah Bow Tan.

Minister Tan has been in Korea attending the just-ended APEC (Asia-Pacific Economic Cooperation) communications and information industrial ministers meeting.

Catholics Vow Resistance if Police Raid Church

SK3105082295 Seoul YONHAP in English
0817 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — The Catholic Priests' Association for Justice warned on Wednesday that police will encounter a pan-church resistance movement if police raid the Myongdong Cathedral to arrest several Korea Telecom unionists staging a sit-in there.

Asserting that a police raid at the cathedral would run counter to the Kim Yong-sam government's pledge to uphold the spirit of the June 1987 resistance movement for democracy, the priests' group warned in a statement, "In the event it raids the Myongdong Cathedral, the government shall face pan-church resistance."

Should riot police raid the Chogye Buddhist Temple for the same purpose, the statement said, the Catholic clergymen's group will cope with it in concert with Buddhists.

"If the government accepts the mediation formula proposed by religious groups, we are willing to intercede to solve the situation together with the Buddhists," the statement added.

The association called on the authorities to postpone the execution of arrest warrants until after labor-management negotiations are conducted, and management and labor have an opportunity to settle their dispute through dialogues.

The Catholic Priests' Association for Justice also demanded that an ad hoc National Assembly session be convened to deal with labor disputes, including that of Korea Telecom, asserting, "Both ruling and opposition parties should attempt to reach a satisfactory resolution of the issues, from every perspective, putting partisan interests and strategies aside."

Premier Wants Telecom Dispute Over Within Week

SK3005100495 Seoul YONHAP in English
0822 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — Prime Minister Yi Hong-ku emphasized Tuesday that the labor dispute at Korea Telecom [KT] should be resolved within the week in order to prevent it from spreading to other workplaces.

After hearing reports on the dispute from Labor Minister Chin Nyom and Vice Information and Communications Minister Yi Kye-chol, the premier said, "Should the dispute continue beyond this week, it will be linked with progressive labor organizations and make the situation more complicated. Accordingly, it should be resolved within the week."

"Once the dispute comes to have links with outlawed trade unions, it will quickly spread across the country. This should be prevented from happening," Yi added.

The prime minister instructed related agencies such as the Ministries of Information and Communications, Home Affairs, Justice and Labor to arrest the leaders of illegal acts and ensure thorough preparations to cope with a possible disruption in communication services.

Defining the Korea Telecom dispute as a confrontation between the common interests of all the people and the interests of a specific organization, Yi reasoned that in terms of justification the common interests of all the people are much stronger than those of a specific organization.

"There is no need whatsoever for the civilian government to protect the interests of a specific organization. This should be well publicized to the citizens," Yi said.

The prime minister's statements suggest that riot police troops will raid the Myongdong Catholic Cathedral and Chogye Buddhist Temple in downtown Seoul to arrest union leaders who are staging sit-in demonstrations there.

Vice Information and Communications Minister Yi reported, "The situation will subside if and when core union leaders are detained. In the event the dispute is prolonged, chances are high it will be linked with illegal trade organizations and expanded."

In a related move, Korea Telecom's President Cho Paekche called on Revs. Sihyon and Hyechang at the Chogye Temple Tuesday asking them to persuade union leaders to put an end to their sit-in and surrender themselves to law enforcement authorities.

Rev. Sihyon, who is in charge of cultural and social affairs of the Chogye Buddhist order, in turn called on Cho to resolve the dispute through mutual concessions.

Prosecutor To Pursue, Punish Telecom Unionists

SK2905100095 Seoul YONHAP in English
0933 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — The prosecution would pursue "to the end" and punish Korea Telecom union leaders who are suspected of having engineered unlawful collective union activities, Prosecutor General Kim To-on said Monday.

The union leaders were staying at the Myong-tong Catholic Church and Chogye-sa Temple in downtown Seoul and the two religious organizations said over the weekend they would not allow police to intrude into their precincts to arrest the union leaders.

In a press conference, the prosecutor general said the demands posed by the Telecom union were all related to the government's economic policies or the Telecom's management, which therefore cannot be subject in nature to labor-management negotiations.

An Kang-min, director of the public security department of the prosecutor general's office, said his office does not consider using police immediately in arresting the union leaders.

"However, if the situation lingers on, we would find it unavoidable to use police under legal procedures," An said.

Korea Telecom Charged With Misappropriation

SK2905090395 Seoul YONHAP in English
0821 GMT 29 May 95

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — The Board of Audit and Inspection (BAI) Monday charged the state-run Korea Telecom with misappropriating over 130 billion won (about 171 million U.S. dollars) through budget diversions and an approval of an excessive number of full-time members of the union staff.

Following the conclusion in October last year of a special collective accord reviewing wages, Korea Telecom, without seeking approval from its board of directors, allegedly paid 22 billion won in bonuses with funds earmarked in the budget for repairs and maintenance expenses in November, according to the BAI. In the budget diversion, 370,000 won was paid to each of its over 60,000 workers as bonuses.

The nation's telecommunications operator was accused of wasting 5.1 billion by installing North American-type fibre optics transmission devices which did not meet specifications in the course of transforming communication networks into European models.

In November last year, Korea Telecom unnecessarily shouldered 79.7 billion won in corporate taxes by failing to take out retirement insurance policies for a considerable portion of the over 350 billion won in allowances for employee retirement benefits.

Also last November, the state-run firm allegedly approved 87 non-working full-time union officials, whereas 35 were recommended as appropriate by the Korea employers' federation and the Ministry of Finance and Economy. The payment of salaries and allowances to the additional union officials resulted in a misappropriation of 2.1 billion won of the firm's budget, BAI charged.

BAI also pointed out that Korea Telecom's President Cho Paek-che is not qualified to be chief executive officer for the state-run enterprise.

Telecom Officials, Union Rebut Findings

SK3105064195 Seoul THE KOREA TIMES in English
31 May 95 p 3

[FBIS Transcribed Text] The results of the Board of Audit and Inspection's (BAI) inspection of labor dispute-ridden Korea Telecom was immediately refuted by the trade union as well as some officials of Korea Telecom yesterday.

The BAI's "unusual" premature disclosure of the results of its ongoing inspection in particular, is viewed as an "attempt to add to the government offensive against the union," according to labor union officials.

Conducting an annual inspection into Korea Telecom from May 15, BAI announced Monday that the management improperly spent about 130 billion won by setting additional payments for employees last year and mismanaging the company fund.

Specifically, it went on to point out that the management unduly included the issue whether to privatize the state-invested company, which is subject to the government policy, in the agenda of the collective negotiation.

It is an "irregular" practice for BAI to disclose its inspection results before it concludes the probe, an executive official at the company said.

Against BAI's inspection, the union leaders pointed out, first of all, that BAI is not in the position to take issue with the collective agreement made under strict due procedures.

Telecom Industry To Receive Government Loan

SK3105081095 Seoul YONHAP in English 0758 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — The Information and Communication Ministry has set aside 85 billion won (some 110 million U.S. dollars) to promote the telecommunications and information industry.

The funds, the second of their kind to be released this year, will be repaid in five years, including a two-year grace period, at an annual interest rate of 6.5 percent (6 percent when they are loaned to small and medium-sized firms), the ministry said.

The maximum amount available to an applicant will be 5 billion won, and the funds provided for research and development (R&D) projects must not exceed 70 percent of the project's total cost.

The funds are split into 12.3 billion won for development of integrated service digital networks (ISDN) and code-division multiple access (CDMA) systems, and the remaining 72.7 billion won is reserved for development and modification of other technologies and systems, including improvement of the time-division exchange (TDX)-10 model electronic telephone switching system and development of information superhighway terminals and other devices and satellite communication and broadcasting equipment.

Because the World Trade Organization agreement bans government subsidies for R&D projects intended to commercialize new ideas, the funds will be provided to R&D projects aimed at industrial applications of new technologies, ministry officials said.

'Sense of Crisis' Seen in Telecom Labor Dispute

SK3105064395 Seoul THE KOREA TIMES in English 31 May 95 p 2

[FBIS Transcribed Text] A sense of crisis is rapidly spreading throughout the administration over the worsening labor dispute at Korea Telecom as chances for a settlement through dialogue and compromise between labor and management are slim at best.

After President Kim Yong-sam defined "pre-strike moves" by unionized workers of the state-invested corporation as "an attempt to topple the government," ranking officials of relevant government agencies are calling for tougher action against any possible collective action by the nation's largest trade union with more than 52,000 members.

Both government and ruling Democratic Liberal Party hold the same view during an emergency consultation session yesterday that the administration should get tough with any collective action by unionized workers.

As a result, labor and management are on a collision course even at the risk of disrupting the nation's telephone and other telecommunication services.

Law-enforcement authorities are going all out to round up union leaders who have gone into hiding in the wake of the issuance of arrest warrants. Riot police are ready to storm Myongdong Cathedral and Chogye-sa Temple, both in central Seoul, where hundreds of unionized workers have been staging sit-ins.

On the other hand, the Board of Audit and Inspection (BAI) conducted an intensive inspection of the corporation and announced that it founded some irregularities committed by the corporation management. The BAI then suggested that Korea Telecom President Cho Pyok-che be called into account and dismissed, a rare action by the nation's top inspection body.

In the meantime, both labor and management are engaged in intensive publicity campaigns aimed at the general public in a desperate effort to win support for their respective hardline courses of action. Labor and management of the corporation are running advertisements justifying their actions in printing media.

To make matters worse, corporation management, in accordance with or under instructions from the administration, is refusing a repeated offer from the labor union for dialogue.

A spokesman for the trade union said, "The government has lost its 'reason' and is worsening the situation by refusing our offer for dialogue."

Newly-appointed Labor Minister Chin Nyom and Vice Information Communications Minister Yi Kye-chol reported to a weekly Cabinet meeting about the dispute yesterday.

Minister Chin told the meeting that the total number of labor disputes have decreased to a great extent compared with the same period of last year but that outlawed labor organizations, including "Minju Nochon," or the Korean Council of Trade Unions, are attempting to concentrate their collective actions from late this month through early next month.

Vice Minister Yi expressed concern that the labor dispute will linger on unless union leaders are arrested soon.

He renewed the government's position that the state-invested corporation would not enter into negotiations with union leaders who are facing arrest.

Listening to reports from the two cabinet members, Prime Minister Yi Hong-ku also expressed serious concern over the worsening situation.

Professors Oppose 'Crackdown' on Labor

SK3005020995 Seoul THE KOREA TIMES in English 30 May 95 p 3

[FBIS Transcribed Text] The nation's 224 professors called on the government to stop its crackdown on labor movement in a statement issued yesterday in connection with the labor disputes at Hyundai Motor Co., and Korea Telecom.

They also demanded President Kim Yong-sam make an apology for his recent remark, falsifying the "lawful union activities" of Korea Telecom union as an "attempt to overthrow the nation."

They claimed in the statement that the government is intentionally cracking down on union activities to make social atmosphere favorable to the ruling camp in the local elections in June.

'Internal Strife' Dividing Democratic Party

SK2705065895 Seoul YONHAP in English 0536 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — The major opposition Democratic Party (DP) is facing a catastrophic situation due to prolonged internal strife that may eventually bring about a division in the party between DP President Yi Ki-taek and his followers and the party's largest faction which is lead by former opposition leader Kim Tae-chung.

Party sources said President Yi is expected to formally declare his resignation from the top party post on Monday. They even talk of a possibility that he would leave the party to create his own political party unless a dramatic breakthrough is found.

DP President Yi has boycotted his official duties in defiance of the party's in-house investigation into the alleged attempt by his aides to buy votes at the party's convention to nominate its gubernatorial candidate for Kyonggi Province.

While withdrawing his aides and secretaries from party headquarters Thursday, Yi has been refusing to fulfill his official duties since last Thursday to protest what he termed as being, "wirepulling tactics...by the largest party faction called the 'Tongkyo-tong,'" which is backed up by Kim Tae-chung, the chairman of the Peace Foundation for the Asia-Pacific Region.

Yi has also been demanding that the party's Vice President Kwon No-kap, a confidant of Kim Tae-chung, resign from his official party post because Yi claims that Kwon and his followers are trying to make him a "figurehead."

But Kim Tae-chung and his factional members at the party refused Yi's demand for Kwon's resignation claiming that the demand is "absurd."

The party's internal rift deepened further when its committee made an investigation into the vote-buying scandal involving the nomination for a party candidate to run in the upcoming local elections.

The committee concluded that the camp of Rep. Chang Kyong-u, a contender for the gubernatorial candidacy, supported by President Yi, paid some deputies 200,000 won each and paid for their lodging while attending the conference.

However, Yi's aides have claimed that Rep. Kwon should be held responsible for the use of violence at the nomination convention, suspecting that the recent occupation of party headquarters by some party members was masterminded by Kim Tae-chung's faction.

Sources close to Kim Tae-chung said that they could no longer persuade President Yi to stay with the party, asserting that the party may select an acting president in Yi's place and conduct the campaigns for the June 27 local elections under the interim leadership system.

A source said that, if Yi resigns as party president, Vice President Kim Won-ki is most likely to become the party's acting president and DP advisor Chong Tae-chol is likely to become chairman of the party's local election management committee.

Opposition Party Head Revokes Resignation

SK2805090895 Seoul YONHAP in English 0831 GMT 28 May 95

[FBIS Transcribed Text] Seoul, May 28 (YONHAP) — Yi Ki-taek, president of the main opposition Democratic Party (DP), changed his mind Sunday to announce that he will resume his official duties as party president for the victory at the upcoming local elections.

Yi's announcement is to save the difficult situation caused by the discord between Yi's followers and the party's largest Tonggyo-tong faction.

Yi had suggested that he will resign as DP president unless Rep. Kwon No-kap, leader of the Tonggyo-tong faction following former opposition leader Kim Tae-chung, resign as vice president.

Although Rep. Kwon rejected the condition, Yi held a press conference at his home Sunday afternoon and said, "I could not neglect the hope of many colleagues who run for the upcoming local elections."

"I will prepare and meet the local elections on my own responsibility as party president," he said. "I will take all the responsibility for the results of the local elections and deal with the party's internal trouble after the elections."

Yi had boycotted his official duties in defiance of the party's in-house investigation into the alleged attempt by his aides to buy votes at the party's convention to nominate its gubernatorial candidate for Kyonggi Province.

Yi had also demanded that the party's Vice President Kwon No-kap, a confidant of Kim Tae-chung, resign from his official party post, claiming that Kwon and his followers are trying to make him a "figurehead."

But Kim Tae-chung and his factional members at the party refused Yi's demand for Kwon's resignation claiming that the demand is "absurd."

Kim Yong-sam Warns Against Poll Irregularities

SK3005112795 Seoul YONHAP in English
1109 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 29 [date as received] (YONHAP) — President Kim Yong-sam said Tuesday that his government will not overlook any unlawful and corrupt practices in the upcoming June 27 local elections, warning that the violators of the local polls will be punished as severely as the law allows.

In a nationwide radio and television address, President Kim emphasized that the government will achieve what he termed an "election revolution" by managing the local elections in a fair and honest manner.

Warning against any unlawful or corrupt practice that may destroy fair election atmospheres, Kim declared that the government will take a firm stand against all illegal and collective actions which would instigate social disorder or unrest.

"Any activities agitating the base of the country will be handled in a stern manner from the perspective of protecting the constitution," Kim emphasized.

"The local autonomous government system is a system of self-reliant administration by local residents" which will improve the quality of their life as well as achieve their provincial development, the president asserted. "What is more important for the success of the local autonomy is to elect truly honest workers for the provinces. The June local elections should not be a miniature replica of central (government) politics."

Kim asked the people to make a wise judgment in making their choices, stressing that the honesty, responsibility and administrative capability of candidates must be more important a criterion than their attractive slogans and political propaganda.

Kim Yong-sam Seeks Funds for Education Reforms

SK3105075195 Seoul YONHAP in English
0655 GMT 31 May 95

[FBIS Transcribed Text] Seoul, May 31 (YONHAP) — President Kim Yong-sam instructed cabinet ministers to map out means to secure funds for new education reform programs.

Kim said, "It is very important and urgent that we secure the finance for education reform which should amount to 5 percent of the Gross National Product (GNP)." He instructed the cabinet to "make joint efforts to devise an epoch-making way to secure the finance by September this year."

Meeting with more than 160 figures from the government and the Presidential Commission on Education Reform, including Prime Minister Yi Hong-ku and other ministers, President Kim said that if the reform measures the commission announced earlier Wednesday are successfully implemented, the need for expensive out-of-school lessons that students now have will be greatly reduced.

Earlier in the day, the commission announced a set of sweeping changes which ban, among others, national and local government-run colleges and universities from conducting their own entrance examinations beginning in the 1997 academic year.

The president said, "In order to eradicate illegal out-of-school tutoring as soon as possible, related ministries should work out effective measures and strongly push for them.

"The Education Ministry should work out detailed and practical plans fitting the actual circumstances of the country's education on the basis of the reform measures. The government should make life-long education available for everyone, at any time."

Meanwhile, announcing the reform, Yi Suk-hui, chairman of the commission, said the budget for financing the educational reform must be increased to 5 percent of the Gross National Product (GNP) by 1998.

UN Hears Ex-Reeducation Camp Inmates' Complaints

*SK2905091495 Seoul YONHAP in English
0855 GMT 29 May 95*

[FBIS Transcribed Text] Seoul, May 29 (YONHAP) — The United Nations will judge whether the Fifth Republic of former President Chon Tu-hwan infringed upon the human rights of inmates held at the Samchong training camp, a camp where "hoodlums" were forced to undergo hard labor and training.

An association representing those who suffered hard labor and training in the camp announced Monday it had filed with the world body complaints demanding punishment for those who it said infringed upon their human rights, and payment for damages done to them during their stay in the camp.

In July 1980, the government of the Fifth Republic set up reeducation camps for people who were considered by it rowdies, or "evil elements of society."

Yi Taek-song, 57, president of the association, said he was taken by two policemen and one Army soldier to the camp from his ginseng farm on Kanghwa Island in July 1980. In the camp, he was forced to do hard labor and undergo training, which caused him to develop a breathing disorder and leg pains after his release from the camp in June 1981, he added.

The UN human rights agency will decide on whether or not to examine the complaints in July and start deliberations after receiving written statements from the South Korean Government and the association during the following six months.

Since South Korea ratified the UN conventions concerning human rights, Yi said, the government is obliged to follow whatever decision the world organization makes in this case.

Yi said his association had to bring the case to the world body as its repeated attempts to take legal action against key leaders of the Fifth Republic have got it nowhere. Last January the supreme prosecutor's office dropped the association's application for reappeal.

Economic Climate Viewed, More Growth Forecast

*SK3005100795 Seoul YONHAP in English
0848 GMT 30 May 95*

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — Thanks to active industrial production and investments South Korea's economy is expected to continue expanding through May next year.

But, apprehension about an overheated economy is rising despite the government's stabilization steps as signs indicate that the economic boom is being shifted to construction, as consumption of high-priced commodities such as air conditioners and large cars is rising sharply, and as the unemployment rate is approaching a record low.

According to the trends of industrial activities released by the National Statistical Office Tuesday [on 30 May], industrial production in April registered a 13.7 percent increase over a year earlier, the second month in a row a two-digit rise was recorded in a three-month period.

The sharp gain in industrial production, despite a 1.1 percent decline in light industries due to a stall in foodstuffs and footwear, was attributed to a 19 percent rise in heavy and chemical industries which resulted from a boom involving office and accounting machinery including computers, semiconductors, home appliances, automobiles and machine equipment.

But the increase rate is lower than the 14.4 percent gain recorded in March and the 14.1 percent average hike for the entire first quarter. The average operational rate for the manufacturing industry also fell from 84.6 percent in March to 82.7 percent in April, and inventory increased 7.2 percent over April last year.

Cho Hwi-kap, the Statistical Research Bureau's director-general of the National Statistical Office said, "It is temporary phenomenon that the production increase and operational rates somewhat slowed, and that inventory increased. No doubt the economy is continuing to expand."

"As the economy is led by exports and facilities investments, the economic boom is expected to persist until around May next year," Cho added.

Orders placed in April for domestic machinery (ships excluded) rose 28.5 percent over a year earlier, machinery import licenses issued skyrocketed 140.6 percent, and actual imports rose 27.5 percent, all indicating active investments.

The construction industry which used to be dull even saw a conspicuous boom, with domestic construction orders received in April registering a 35.8 percent hike from April last year and the area of land for which construction was licensed jumped 45.2 percent. Leading the rise in construction orders were industrial construction, which increased by 73.9 percent and housing construction, which rose 57 percent.

Wholesale and retail markets, indicating consumption trends, rose in April 5.9 and 9.5 percent, respectively, over April last year. Shipments of home-use consumer goods gained 8 percent in the month, lower than the 16.2 percent rise in February. But durable consumer goods grew by 11.5 percent, and of them room air conditioners registered a whopping 155.4 percent rise, portable cassettes a 129.7 percent gain, and large cars a 101.9 percent rise.

The unemployment rate in April declined to 2.1 percent from the 2.4 percent registered in March, nearly full employment, showing a possible manpower shortage arising from the economic boom.

The leading composite index, indicating economic conditions for six months to one and a half years in the future, rose 1.2 percent over March, but the composite coincidence index increased only 0.1 percent, reflecting a lower operational rate in April.

Institute Predicts 9.1-Percent Growth

SK3005082195 Seoul YONHAP in English
0747 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The South Korean economy is expected to grow at an annual rate of 9.7 percent in the first half and 8.5 percent in the second half for a 9.1-percent average growth rate for 1995, a private researcher predicted Tuesday.

In an economic forecast report announced Tuesday, the Korea Economic Research Institute of the Federation of Korean Industries based the favorable predictions on the expansion due to a salutary increase in exports and facilities investment, as well as on the sustained upswing of the world economy.

In the first quarter, exports and facilities investment rose 32.3 percent and 25.2 percent, respectively, from a year earlier, while construction investment climbed 8 percent as brisk projects constructing commercial and industrial buildings and new infrastructure occurred.

No signs of overheating were seen in the real estate and stock markets in the first three-month period of the year, contrary to general expectations, and prices were stable relatively to the same period last year, according to the report.

On the foreign exchange market, the U.S. dollar is expected to rise against the Japanese yen, reaching 95 yen towards the end of the year, but will fall against the Korean won, moving from 740 won to 730 won, it's forecast.

The world economy will continue its upswing through the year's end, thanks to lower trade barriers in financial and other service industries and the development of a market economy in former socialist countries.

But the financial crisis in Mexico, the uncertainty in international capital markets, a slowed growth of the U.S. economy and trade friction between major economic powers may weaken the energy of the world economy, it said.

Jan-Apr Current Account Deficit $4.3 Billion

SK3005080495 Seoul YONHAP in English
0741 GMT 30 May 95

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The Bank of Korea on Tuesday put April's current-account deficit at 830 million U.S. dollars, nearly half of the previous month's 1,560 million dollars but more than double the 240 million dollars recorded in the same month last year.

Consequently, the deficit for the first four months came to 4,343 million U.S. dollars, more than 70 percent of the 6,000-million-dollar aim set for the entire year.

In view of the more than 70 percent increase in the number of import licenses issued in April, the deficit is expected to increase sharply in the coming months, hitting the year's goal before the midpoint, the central bank said.

Exports soared 35.8 percent from a year earlier to 10,000 million U.S. dollars in April and imports shot up 40.4 percent to 10,622 million dollars for a trade deficit of 622 million dollars in the month.

The trade deficit in the first four months totaled 3,059 million dollars.

The month also recorded a deficit of 238 million U.S. dollars in invisible trade, such as insurance, transportation and other services, while seeing a surplus of 27 million dollars in unrequited transfers, namely flows into and out of the country of one-way funds, such as scholarship funds and wages earned overseas.

The invisible trade deficit for the four-month period came to 1,463 million U.S. dollars, while the balance of unrequited transfer accounts produced a surplus of 179 million dollars for the same period.

Import licenses issued in April totaled 13,400 million U.S. dollars, up 78 percent from a year ago, while export L/C (letter of credit) arrivals in the month rose only 14.6 percent to 6,280 million dollars. This signifies that the trade deficit will increase sharply in the months to come.

The strong yen also pushed up the trade deficit with Japan to a monthly record of 1,570 million U.S. dollars, the central bank said.

Increased imports of capital goods were chiefly to blame for the expanding trade deficit, along with the strong yen and increased import prices of raw materials.

April's import prices climbed 13.1 percent from a year earlier, and the increased prices accounted for 32.4 percent of the month's import expansion.

Government To Stimulate Stock Market

SK2705084295 Seoul YONHAP in English 0822 GMT 27 May 95

[FBIS Transcribed Text] Seoul, May 27 (YONHAP) — The government announced over the weekend a package of measures to stimulate the lackluster stock market.

The package calls on the stock market stabilization fund to join buying forces starting Monday, while requiring investment institutions to become net buyers on the bourse.

The privatization plans of government-invested enterprises in the third quarter will be shelved and banks and other financial firms will be discouraged from issuing new rights for capital increase or going public in the July-September period. These restrictions would remain in effect in the final quarter of the year if the market failed to pick up by then, Finance and Economy Ministry officials said.

The ministry has earlier set a plan to supply new shares totaling 3.7 trillion won (nearly 5 billion U.S. dollars) to the market in the third quarter — 1.8 trillion won by banks, 1.6 trillion won by government-invested firms and 300 billion won through initial public offerings.

Of the plan, only 9.4 billion won worth will be allowed to enter the market through initial public offerings in the three-month period, the officials added. In addition, the Industrial Bank of Korea will issue new rights worth 140 billion won in the third quarter, as planned, while the Kukmin Bank will offer new rights worth 200 billion won for capital increase in the final quarter of the year.

But initial public offerings by not-yet-public companies and issues of new rights by public companies for capital increase will be greatly reduced. Quarterly initial public offerings will be limited to 200 billion won for the whole market, while monthly new rights issues will be pegged at 250 billion won as a whole and 100 billion won for a company.

Banks will be encouraged to control the bond issuing market by decreasing debenture issues and corporate bond guarantees.

The securities transaction tax will be lowered from the current 0.5 percent to 0.4 percent in the interest of stock sellers.

Hyundai, Samsung Compete on Nuclear Plant Bid

SK2805035595 Seoul THE KOREA HERALD in English 28 May 95 p 8

[FBIS Transcribed Text] Hyundai Engineering and Construction Co. and Samsung Construction Co., building arms of Korea's two rival groups, have staged a heated war of nerves to win the order for the construction of nuclear power plants Nos. 5 and 6 in Yonggwang, South Cholla Province.

The construction of the Yonggwang nuclear power plants Nos. 5 and 6 should be carried out by Hyundai Engineering and Construction Co., which built the four Yonggwang nuclear power plants numbering from 1 to 4 successfully in the past, Hyundai officials have insisted on.

Meanwhile, Samsung officials said that the chance to engage in building the additional Yonggwang nuclear power plants should be given to domestic builders other than Hyundai in order to beef up the competitiveness of the local construction industry before the opening of the domestic nuclear-related construction market to foreign concerns slated in 1997.

With the intense confrontation between the two rival builders, the Korea Electric Power Corp.(KEPCO) in charge of placing the order and the Ministry of Trade, Industry and Energy (MOTIE) in charge of the government's resources policy have yet to decide on the formula of giving the order.

The total cost for the construction of Yonggwang nuclear power plants Nos. 5 and 6 is estimated at some 3.2 trillion won (roughly $4.2 billion), including 600 billion won for the engineering project itself.

It is natural that the massive amounts of the construction order is attracting keen interest of the two construction rivals, market analysts here say.

More important background behind the stiff competition, however, is the "immense" profits the winner of the construction order will attain in the future, they say.

For instance, domestic builders with good experience in building nuclear power plants could be given a priority in advancing the nuclear construction markets of Southeast Asia, including China, Thailand, Vietnam and Malaysia, which have been reportedly pushing ahead with the construction of nuclear power plants.

At the same time, there is a high possibility that the winner of the order for the construction of Yonggwang nuclear power plants Nos. 5 and 6 will participate in the North Korea's project to build light-water nuclear reactors if the nuclear talks between North Korea and the United States end successfully.

Noting that Hyundai has the best experience in the sector by building 10 out of the country's 16 nuclear power plants built or under construction, Hyundai officials said that the participation by local builders other than Hyundai in the Yonggwang project might cause a problem on nuclear safety and require a longer construction period than scheduled.

Meanwhile, Samsung officials said that the government should provide all wishing contractors with a fair and equal chance to participate in the construction of the Yonggwang nuclear power plants in order to sharpen the external competitiveness of the domestic nuclear construction industry.

Samsung has already established a 200-member team for the nuclear power plants construction projects and obtained a license qualified to engage in such projects from ASME of the United States, they said.

Besides Samsung, Daelim Industrial Co., LG Construction Co. and Shinwha Engineering and Construction Co. have been showing keen interest in the Yonggwang nuclear power plants construction project.

Seemingly engulfed in the struggle between the two giant builders, the KEPCO and the MOTIE have yet to decide the formula of the bidding for the project.

Accordingly, the state-run KEPCO's call for bids on the Yonggwang nuclear power plant construction project is likely to be delayed to the latter half of the year from the first half originally planned.

Samsung Aerospace's Long-Term Plans Outlined

SK3005021695 Seoul THE KOREA HERALD in English 30 May 95 p 8

[FBIS Transcribed Text] Samsung Aerospace Co. has worked out its mid- and long-term plans to promote the precision machinery and capital goods sector, aiming to attain $10 billion in its turnover by 2005. It also aims to rank among the world's top three in the field.

Samsung divided its precision equipment sector into four businesses — the industrial equipment, the automation system, the precision equipment and the optical instrument fields.

To drastically enhance its capital goods production capability, Samsung plans to spend about $5 billion per year on its research and development (R&D) projects, about 10 percent of its annual sales, over the next 10 years, the company said.

Samsung said it will set up its R&D centers in 20 countries, including the United States, Germany, Switzerland, and some of the former Soviet Union nations by the target year in order to attain the necessary technologies.

As part of its plans to drastically reduce production costs of cameras, Samsung said it will set up a computer integrated manufacturing (CIM) system by 1997.

"In case of compact cameras, we want to upgrade our world market share from the current 13 percent to 30 percent by 2005 to rank among the world's top three in the optoelectronics sector," said a Samsung spokesman. To achieve the goal, Samsung has invested about 25 billion won for the expansion of its optoelectronics facility in its plant in Changwon, South Kyongsang Province, which has an annual camera production capacity of 5 million units.

Agent Orange 'Victims' To Be Compensated

SK2705035895 Seoul THE KOREA HERALD in English 27 May 95 pp 3, 5

[FBIS Transcribed Text] The government plans to give special allowances for the Vietnam War veterans who suffer from the aftereffects of a U.S.-made defoliant, called Agent Orange.

A spokesman for the Ministry of Patriots and Veterans Affairs said yesterday that the special allowances could be paid starting next year after the revision of relevant laws.

The ministry's move came after President Kim Yong-sam Thursday called for more support for handicapped Vietnam War veterans.

So far, 596 Vietnam War veterans have been found to be victims of Agent Orange, while 1,669 others are suffering from ills that are suspected of originating from the defoliant.

The spokesman said that the ministry is giving free medical care and pension for the victims of Agent Orange.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Affirms Ownership of Spratly Isle

BK2705110195 Kuala Lumpur THE STAR in English 27 May 95 p 2

[FBIS Transcribed Excerpt] Miri — Layang-Layang Island belongs to Malaysia and its status should not be questioned by other countries, Datuk Sri Dr. Mahathir Mohamed said yesterday.

The island, 34.5 km off Sabah, was within the country's exclusive economic zone (EEZ), the prime minister told reporters during a brief stopover at the airport here on arrival from Layang-Layang where he stayed overnight.

Dr. Mahathir disputed claims by other countries that the island where Malaysia had set up a navy base was their traditional fishing area.

He considered Layang-Layang, known for its coral reefs and rich marine life, as a specialised area where certain strategies had to be devised to ensure the place would not be "overrun" by people. [passage omitted]

Minister Urges Negotiations on Spratlys

BK3005080595 Kuala Lumpur BERITA HARIAN in Malay 29 May 95 p 2

[FBIS Translated Excerpt] Kuala Lumpur, Sunday — ASEAN continues to believe in negotiations and avoiding tension in its efforts to seek the best solution to the Spratly Islands' overlapping claims. Foreign Minister Datuk Abdullah Ahmad Badawi said any military action to solve the issue will affect regional stability.

"It is ASEAN's objective to maintain the South China Sea and the Layang-Layang island waters as a zone of peace without tension, upheaval, or hostility.

"ASEAN has adopted a principle acceptable by the international community to the effect that any claim to the islands should be solved through diplomatic means," he said to reporters here today.

The minister was asked to respond to the remarks made by Prime Minister Datuk Sri Dr. Mahathir Mohamed, who said that Layang-Layang island, which is part of the Spratly islands, belongs to Malaysia because it is located in Malaysia's Exclusive Economic Zone. [passage omitted]

Expressing his support for the prime minister's views on Malaysia's sovereignty over the Layang-Layang island, the minister called on all claimants to the Spratlys to ensure that the situation in the area is under control.

Mahathir: NATO 'Not Serious' About Bosnian War

BK2805132595 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 27 May 95

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed has said the NATO attack against the Serb terrorists was only a temporary measure. The organization is not serious in its efforts to settle the conflict in the former Yugoslav republic. Malaysia wants the United Nations to stop trifling the international community by pretending to advocate human rights.

Dr. Mahathir was speaking to reporters at the Sultan Abdul Halim Airport, Alor Setar, Kedah:

[Begin recording] [Mahathir] I think they will stop their attacks after this because they are afraid for their troops who are surrounded by the Serbs. I do not believe this action is serious from the UN point of view. They are only frolicking. After this they will withdraw; they will bow to the Serbs.

[Unidentified correspondent] Does this indicate there will be no war?

[Mahathir] No. I feel they are not serious. They are afraid they will be dragged into a war. Currently, there is talk that they are planning to withdraw their troops. France will withdraw. They are only trying to maintain peace. If the situation grows violent, they will just leave. There is no need for them to uphold peace if the situation is already peaceful. Might as well forget about it. [preceding sentence in English]

[Correspondent] So how would Malaysia view such an action?

[Mahathir] Yes. We are a part of the United Nations. We disagree with their methods but we are forced to comply with their orders because they will definitely select a commander from their own fold. Their commander will absolutely not take any action. Therefore, I only ask one thing — do not talk anymore about the issue of human rights. They are hypocrites. They do not care about human rights at all. If their economic interests are connected with human rights, they will be insistent on human rights, such as with China or Malaysia. They will definitely place notable significance on human rights, even if the human rights that are allegedly being violated are just a trivial matter. They will exert pressure to satisfy their political interests. In Rwanda, the UN peacekeeping forces stood by and stared at the atrocities carried out by the Hutus. They did nothing about the killings conducted by the Hutus before their very eyes. This is totally meaningless. [end recording]

Meanwhile, it has been reported that the members of the North Atlantic Treaty Organization, NATO, have been placed on a state of alert to undertake the evacuation of their troops from Bosnia should the necessity arise. NATO has already planned a strategy for the withdrawal of its 55,000 troops.

Mahathir Condemns Killing of Bosnian Minister

BK2905130595 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 29 May 95

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed sent his condolences today to the Bosnian Government and people following the death of Bosnian Foreign Minister Irfan Ljubijankic. A helicopter carrying the minister was shot down by Serbian terrorists in the Bihac region.

In a message cabled to Bosnian Prime Minister Haris Silajdzic, Datuk Mahathir strongly condemned the Serbian terrorist attack. The prime minister said the detention of UN peacekeeping personnel by Serbian forces is clearly aimed at challenging UN authority. Dr. Mahathir said it is high time for the United Nations and the big powers to deal seriously with the worsening crisis in Bosnia.

In his message, Foreign Minister Datuk Abdullah Ahmad Badawi reiterated the support of the Malaysian Government and people for the struggle of the Bosnian people. He said Malaysia calls on the United Nations and NATO to stop the evil activities of the Serbian terrorists.

Cambodia

Sihanouk Asks Leniency for Convicted Publishers

BK2705085695 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 27 May 95

[FBIS Translated Text] His Majesty King Norodom Sihanouk has sent a message to Prince Krompreah Norodom Ranariddh, first prime minister, and Second Prime Minister Samdech Hun Sen asking them to reduce the jail terms and cut the monetary fines imposed on the publishers of the two newspapers SEREIPHEAP THMEI [New Freedom] and ODDAMKEAKTE KHMER [Khmer Ideal] in a recent verdict by the Phnom Penh court.

In a 22 May message to the two prime ministers, His Majesty Norodom Sihanouk said: I have received a statement from the Khmer Journalists Association calling on the National Assembly, the Royal Government, and the Justice Ministry to reconsider the judgment. I would like the two samdech prime ministers to show mercy toward the two publishers and their newspapers by reducing the punishment and lessening the fine imposed on them for their misdemeanors.

Mr. Thon Bunli, publisher of ODDAMKEAKTE KHMER, was sentenced by the Phnom Penh court on 19 May. His newspaper was ordered to shut down permanently and he was fined 5 million riels because the newspaper carried an article defaming the reputation of the two prime ministers by asking them to stop barking.

The following day the same court held another session to try SEREIPHEAP THMEI for writing that Cambodia is a country of thieves. In its verdict, the court sentenced SEREIPHEAP THMEI publisher Hen Vipheak to one year in prison, permanently closed his newspaper, fined him 5 million riels, and ordered that he be imprisoned for another year if he refused to pay the fine.

The Constitution of the Kingdom of Cambodia, Article 27, stipulates: "The King shall have the right to grant partial or complete amnesty." In his message to the two prime ministers, however, His Majesty Norodom Sihanouk asked only for a reduction in the jail terms and monetary fines. He did not mention any amnesty.

Hun Sen Discusses Election Preparations

BK2905101995 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 28 May 95 pp 1, 11

[Report by Tararit]

[FBIS Translated Excerpt] Samdech Hun Sen, second prime minister of the Kingdom of Cambodia, says Cambodia could have a coalition government for another 10 or 15 years, but after the next election there will no longer be two prime ministers.

Samdech Hun Sen said this while receiving Ambassador Walter Lewalter, in charge of Asia-Pacific affairs for the German Federal Government, at the Council of Ministers office on the morning of 26 May. The samdech added that, along with its efforts to develop the national economy, the Royal Government of Cambodia [RGC] has promoted and improved freedom, rights, and democracy throughout the Kingdom of Cambodia. The RGC has also carried out military and administrative reforms in order to move toward achieving neutrality in the armed forces and among civil servants.

The samdech prime minister stressed to Walter that the RGC has made efforts to ensure stability and internal security in a move toward holding elections in 1998. If there is no election for the next mandate, Cambodia will not be able to ensure democracy. This will cause Cambodia to lose credibility in the international community as well as among investors. The Royal Government is working on this matter to move toward a democracy that enjoys free elections and neutral civil servants and allows all parties the right and freedom to run in free and fair elections to ask for the people's confidence.

[passage omitted — Hun Sen thanking Germany for its support for Cambodia's application to ASEAN]

Commentary Backs Army Offensive Against KR

BK3005160195 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 29 May 95

[Station commentary: "The Khmer Rouge Remains an Obstacle to the National Development Process"]

[FBIS Translated Text] In his speech at the opening of a military seminar on 27 May, Second Prime Minister Samdech Hun Sen said: While the Khmer Royal Armed Forces [KRAF] are restructuring themselves in a difficult and complex situation, the crushing of the bandits' lairs and capture of their bases at Preah Pralay, Phnum Kulen, Boeng Prama, the border junction of Kompong Thom, Kompong Cham, and Kratie Provinces, Phnum Chi, and so on — which has allowed Khmer Rouge [KR] officers and rank and file alike to return to the national fold — is not something unexceptional. This is a fact that cannot be denied.

For the past nearly two years, although they were handed successive defeats by our Armed Forces working in close cooperation with the people to drive them into an unprecedented series of military, political, and economic setbacks, the bandits' ringleaders supported by the extremists among them have not given up their dark, dirty ambitions. They continue to use all kinds of cruel and savage methods and tricks to undermine the people's happy lives, oppose the government, and create multiple obstacles to the country's rehabilitation and development. Without the monumental efforts and sacrifices of our forces, the achievements of this dry season would not have been possible.

Analysts and observers of the political situation in Cambodia assessed that the successive victories just won by the KRAF have contributed most importantly to providing security for the people and the national community as a whole and also to the country's rehabilitation and development efforts.

Everybody knows that under the enlightened leadership of His Majesty Norodom Sihanouk, king of the Kingdom of Cambodia and great and venerated leader of all Cambodians, the Cambodian motherland has entered a new historic era, that is, an era of national union, national reconciliation, national unity, and national rehabilitation and development in all fields. As in the past, the Royal Government headed by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen — with the unreserved cooperation of the people — has made all efforts and braved all difficulties to wipe out the scars left behind by the chronic war of the past two decades and to build a new Cambodian community that is rich in peace, independence, stability, democracy, and respect for human rights with the strong resolve to heighten the Cambodian people's living standards.

However, while we are doing all that, the Polpotist rebels and bandits continue to harass and harm the everyday life of the innocent people. In the face of this situation, the Royal Government has no other choice than to summon all categories of our Armed Forces to raise their guard and challenge all difficulties in the cause of ensuring security for the populace, making it possible for the latter to rehabilitate and develop their communes and villages, and also creating favorable conditions for foreign investment. Analysts believe that only through such measures can the success of the national rehabilitation and development process be assured because no one can forever kowtow to and beg the Khmer Rouge for peace. Although basically it has been defeated, the Khmer Rouge today is still in possession of a number of support bases and it still enjoys the assistance of the extremists. It thus continues to be an obstacle to the nation's progress and development. Therefore, if we jointly fight to crush the Khmer Rouge, sooner or later our country will surely catch up with the developed nations.

Indonesia

Anti-U.S. Protests Erupt in Five Cities

BK3005152195 Jakarta REPUBLIKA in Indonesian 27 May 95 pp 1, 16

[FBIS Translated Text] Bogor — Student demonstrations broke out in five cities — Bandung, Bogor, Semarang, Medan, and Padang — yesterday. They primarily criticized the U.S. veto of a draft UN Security Council resolution that sought to prevent Israel's confiscation of land in East Jerusalem.

About 1,000 students from different colleges in Bogor yesterday filled the Baranangsiang campus of the Bogor Agriculture Institute [IPB], which is usually used for official ceremonies. On the occasion, the students condemned the U.S. veto of the draft UN resolution.

The demonstration sponsored by the IPB Students Senate started at 1055 with the chronology of the Israeli confiscation of the Palestinian land. The protesters, 80 percent of whom are IPB students and the rest are students of Ibnu Khaldun University and Nusa Bangsa University, yelled against Israel, the United States, and the United Nations. "The United Nations is a gay, the United Nations is a gay," they said.

Afterwards, the protesters represented by the IPB Students Senate read out six demands. According to Ivan

Selairy, member of the Presidium of the IPB Students Senate, the demands was endorsed in a plenary meeting of the IPB Students Senate on 22 May. They demanded, among other things, that the United Nations abolish the veto right in the UN Security Council.

The demonstration, which took place in an orderly manner, was closed with a Friday prayer at 1132.

In Padang, about 500 students gathered in front of the Padang Municipal Council in protest against the U.S. veto. The function, which was preceded by a Friday prayer, was marked by speeches and a policy statement.

In Medan, a demonstration broke out in front of the U.S. Consulate General where about 50 students grouped in the Front Against the Zionists and Their Allies condemned the U.S. veto.

In a statement, they demanded that Israel end all forms of the confiscation of land belonging to Arab Palestinians and deplored the U.S. double standards in the defense of human rights.

The peaceful protest, which started at 1100, was the third in Medan over the past two weeks. The two previous protests were conducted by members of the Medan branch of the Islamic Students Association, who demanded that the United Nations reconsider the U.S. membership in the UN Security Council.

In response to the protest, USIS Director Marty Adler noted that the Israeli Government had canceled the confiscation of 53 hectares of Palestinian land in East Jerusalem.

A similar demonstration was organized by 200 students grouped in the Central Java Muslim Solidarity Forum in Semarang yesterday. "The Israeli action in confiscating land in East Jerusalem was illegal because it was in violation of the previous UN Security Council resolution and in defiance of the 1949 Geneva Convention," Joko Yuwono, who represented the Central Java Muslim Solidarity Forum, said during the demonstration. The two-hour demonstration took place in an orderly manner in front of the Central Java Provincial House of Representatives.

A similar protest erupted in Bandung. The protest dealt with various topics. Besides condemning the U.S. veto, the protesters also criticized the planned launching of the National Sports Savings Scheme and nepotism.

The protest lasted quite long, from 0930 to 1600, at the Parking Lot of the Bandung Islamic University. Over 100 students from various colleges attended the demonstration which was filled with a Friday prayer, rhetorics, poem reading, and songs.

As the protest was taking place, the U.S. Embassy in Jakarta was heavily guarded. Over 500 antiriot policemen were on alert following reports that a large-scale demonstration would take place after a Friday prayer.

The area around Medan Merdeka Selatan Avenue was unusual yesterday. The avenue was closed from eastern side. Iron barricades were put along the pavement. Two armored personnel carriers and several fire-fighting trucks were parked near the embassy.

At least one battalion of the Police Mobile Brigade was deployed around the National Monument to monitor the embassy. Several personnel confirmed that another demonstration was planned at the U.S. Embassy following the two previous ones.

Dozens of security personnel walked up and down at the U.S. Embassy ground. Several visitors were stranded at the gate before they finally went home. "I failed to obtain a visa today," a visitor said. According to him, the U.S. Embassy shortened its working hours to 1100 on Friday.

Dozens of domestic and foreign reporters kept waiting and occasionally lying down in front of the embassy as were dozens of plainclothes policemen. However, all of them finally became disappointed by evening because the planned anti-U.S. veto demonstration did not take place.

Alatas Comments on Spying at Canberra Embassy

BK3105074095 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 31 May 95

[FBIS Translated Text] Spying is a normal practice and a part of diplomatic life. This was stated by Foreign Minister Ali Alatas to reporters when asked to comment on a report published by Australia's THE SYDNEY MORNING HERALD that stated that the Australian Government, with the collaboration of the United States, had been spying on the Indonesian Embassy in Canberra.

According to Ali Alatas, the information was only published by the press and the facts have to be taken into account before any action can be taken.

Meanwhile, Armed Forces Chief General Feisal Tanjung stressed that the allegation of spying at the Indonesian Embassy in Canberra had yet to be proved. The government cannot take any further action because it has yet to receive evidence that the embassy was truly being spied upon.

UK Minister Notes 'Balanced' Human Rights

BK2605130895 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 26 May 95

[FBIS Translated Text] The British Government considers the implementation of human rights in Indonesia balanced and proportional because it is aware that the matter is sensitive and difficult in a multiethnic and multicultural country. Lady Chalker, British secretary of state for foreign and commonwealth affairs, said that proper attention should be given to human rights, but the matter should be treated in a balanced and fair manner because the matter is difficult and sensitive. Lady Chalker, who was speaking after signing an agreement on financial cooperation between Indonesia and the United Kingdom in Jakarta today, said that Britain pays serious attention to human rights but understands that human rights are a complex matter not only in Indonesia but also in Africa and other countries in the world.

Alatas Comments on Jakarta's Foreign Policy

BK3105031795 Jakarta KOMPAS in Indonesian 28 May 95 p 2

[Interview With Foreign Minister Ali Alatas on Indonesia's foreign policy in Vancouver; date not given — passages in italics published in English]

[FBIS Translated Text] [KOMPAS] You are known as a skilled diplomat. What is your special secret?

[Alatas] For me, perseverance is the most important thing. Indeed, some persons have an in-born talent, but perseverance is more important than talent. You will certainly not be able to develop yourself if you have talent but no perseverance; perseverance can compensate for a lack of talent. I think that both factors are very important. There must be perseverance, talent, and adequate education.

[KOMPAS] What did you do after you were named minister of foreign affairs?

[Alatas] The president entrusted me with the post of minister of foreign affairs in 1988. Obviously, I inherited several unresolved problems from my predecessor. The Cambodian issue, the normalization of relations with the PRC, and less intimate relations with the PLO and Australia were some examples. The first thing I did was to list the problems. What were really the *pending* problems and what had to be done? Afterwards, I set several targets for our foreign policy.

[KOMPAS] What targets did you set at that time?

[Alatas] First, we sought to secure the chairmanship of the Nonaligned Movement [NAM]. Second, we advised the president to attend a nonaligned summit and visit the Soviet Union, which he had never visited for 23 years. Because of our free and active foreign policy, it would have been impossible for us not to develop equal relations with the other superpower at that time. These were the targets. Thank God, all of them were achieved in the first five years of my tenure. Accordingly, it is not entirely true to say that Indonesia's foreign policy has a *low profile*.

[KOMPAS] But Indonesia's foreign policy does have a *low profile*, doesn't it?

[Alatas] Yes, we maintain a *low profile* on certain issues. However, we never maintain a *low profile* on princpled issues, for example South Africa, the Middle East, the arms race, or North-South relations. I was elected as Indonesian chief delegate to North-South negotiations, chairman of the First Committee on Disarmament in New York, and chairmen of many other committees. We are now chairmen of the NAM and APEC [Asia-Pacific Economic Cooperation] and a nonpermanent member of the UN Security Council, and we have initiated many programs.

I really question the *fairness* of people who are still talking about the *low profile on foreign policy*. What do they mean the *low profile* and *high profile*? How can one make the foreign policy more active?

Frankly speaking, I was disappointed with KOMPAS for writing about this matter because we have been very active in defending principles and opposing injustice. I say all this not because I want to show off, but because it is not true that Indonesia's foreign policy has a *low profile*. We have been active since Mr. Mokhtar (former foreign minister Mokhtar Kusumaatmaja) was minister of foreign affairs. Indeed, we are now more active. Your question is quite relevant. Now, what are the benefits?

[KOMPAS] Let us give you an example! Despite being NAM and APEC chairmen, Indonesia continues to be attacked by the United States over the GSP [generalized system of preferences] or human rights. The posts seem to be meaningless, don't they?

[Alatas] No. They want to take revenge or *retaliate* against us precisely because of the posts. Can't you see the point? Please try to change your way of thinking! Those who dislike us are taking revenge against us exactly because of our posts. Indeed, we have to pay a price for adhering to the principles of our foreign policy.

[KOMPAS] So, what does Indonesia's foreign policy look like?

[Alatas] Indonesia's foreign policy cannot be described as simply that of seeking benefits. Indonesia's foreign policy is consistently based on three principles — being nonaligned, free, and active. The Middle East issue reflects the freedom of our policy. We have been against the pro-Western and anti-PLO mainstream. We are ready to pay for it. For example, we have been assailed by U.S. congressmen. If you look at the matter deeply, you will see that they in fact disagree with Indonesia's anti-Jewish and anti-Israeli policy. [KOMPAS] So what are the benefits for Indonesia?

[Alatas] We are respected by others. Although we are not necessarily in a comfortable position, at least others cannot say that Indonesia's foreign policy is one that simply seeks benefits and has no principles.

It is easier for me to say that we have received wide recognition. The world recognizes Indonesia's role in the inception of the NAM in Bandung in 1955 and saving the NAM from the brink of collapse. Isn't all this historically significant? This is a *reward* for us.

I would like to write a book about our foreign policy one day. I have no time yet. The book will give many details about foreign policy.

I would like you to understand that I say all this not because I want to project myself. I am not beating my own drum. I am not that type of person. I say this primarily out of my love for Indonesia's foreign policy, which has consumed almost all my life.

[KOMPAS] What do you see as unresolved problems?

[Alatas] Indeed, there remain several irritants, including East Timor. I deeply deplore the situation. We have not been successful in settling the East Timor issue in international fora. Although the East Timor issue has been settled at home, the United Nations has yet to recognize East Timor as part of Indonesia.

Indeed, the issue must be settled. Although the issue is part of our foreign policy, its settlement must be supported by the domestic situation. The foreign policy must reflect the domestic situation. They cannot stand separately. This has been proved by the East Timor issue in particular. The foreign policy and the domestic situation are interrelated and interdependent. Thus, we hope to settle issue during the current five-year development plan.

The president himself has called for an immediate settlement to the issue because he does not want the issue to become a burden for the next generation or leadership. Accordingly, we need to combine what we are doing abroad with what we are doing at home. In fact, what we are doing at home is more important.

[KOMPAS] How do you see the issue?

[Alatas] Certainly, other ministers know the situation better. Indeed, we seem to have been late in handling several things. As I have frequently said, we have become the victims of our own success to a certain extent. Education is an example. So many East Timor youths have become school and college graduates thanks to the educational success, but they cannot get jobs quickly.

The local and central governments seem to have been late in anticipating potential problems, which have now caused great frustration. We are adopting several ways of redressing the situation just now.

ABRI 'Ready' To Defend Natuna Island

BK3005133195 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 30 May 95

[FBIS Translated Text] ABRI [Armed Forces of the Republic of Indonesia] Commander General Feisal Tanjung says ABRI is ready to defend any Indonesian territory, including Natuna Island, claimed by other countries. Speaking in Surabaya today, the ABRI commander said Natuna Island clearly belongs to Indonesia and it is therefore ABRI's duty to defend it. He said ABRI will upgrade its forces in stages to reach its standard of readiness.

The ABRI commander made the remarks following an earlier remark by Susilo Sudirman, coordinating minister for politics and security affairs, at a seminar in Surabaya on 20 May that a country in the Asia-Pacific had claimed its sovereignty over Natuna Island. Gen. Feisal said Indonesia had sent a letter to that country to request a clarification on its claim over Natuna Island. He admitted that it takes a long time and high-level talks to settle a border dispute or a claim over an area.

Laos

Singapore Foreign Minister on Official Visit

Meets With Leaders

BK2705123995 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 27 May 95

[FBIS Translated Text] His Excellency [H.E.] Professor Shunmugam Jayakumar, foreign affairs minister and concurrently law minister of the Republic of Singapore, and his delegation arrived in Vientiane yesterday afternoon for an official visit to Laos. Scheduled from 26 to 28 May, the visit is in response to an invitation of H.E. Somsavat Lengsavat, foreign affairs minister of the Lao People's Democratic Republic.

H.E. Prof. Shunmugam Jayakumar and his delegation were welcomed on their arrival at Wattai Airport by H.E. Somsavat Lengsavat, our Lao foreign affairs minister, along with high-ranking cadres concerned from both sides.

A meeting was held that afternoon at the government's guest hall between a delegation of our Lao Foreign Affairs Ministry led by H.E. Somsavat Lengsavat, and the Singapore Foreign Affairs Ministry delegation led by H.E. Prof. Shunmugam Jayakumar. At the meeting, the two sides discussed many issues aimed at effectively translating into reality the agreement reached between the two prime ministers of Laos and Singapore following the visit to Singapore by our Lao prime minister from 24-26 April 1995. The meeting and consultations on this occasion will help bring about new steps of development and strength to bilateral ties and cooperation.

During the three-day visit to Laos, the Foreign Affairs Ministry delegation of the Republic of Singapore will pay courtesy calls on high-ranking Lao leaders. It is also scheduled to visit a number of establishments around Vientiane capital.

Meets Prime Minister

BK2805135295 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 27 May 95

[FBIS Translated Text] His Excellency [H.E.] Khamtai Siphandon, prime minister of the Lao People's Democratic Republic [LPDR], received a courtesy call from H.E. Professor Shunmugam Jayakumar, foreign affairs minister and law minister of the Republic of Singapore, and his delegation at the Prime Minister's Office in Vientiane this morning.

The prime minister gave his guests a warm welcome. He highly valued their visit to Laos, noting that it will contribute toward enhancing and improving relations and cooperation between Laos and Singapore to a new step that is fully and highly effective and beneficial to the two peoples of Laos and Singapore.

On this occasion, Prof. Shunmugam Jayakumar informed the prime minister of the outcome of his meeting with H.E. Somsavat Lengsavat, the Lao foreign affairs minister, and the meeting between the Foreign Ministry delegations of the two countries. The two delegations agreed to implement the results of their talks to translate the previous agreement between the prime ministers of Laos and Singapore into reality.

Singapore also agreed to appoint an ambassador to the LPDR with the chancery in Bangkok, Thailand. Moreover, Singapore agreed to provide assistance to Laos in improving the foreign language ability of Lao cadres, helping Laos become a full-fledged member of ASEAN, and other issues of mutual interest.

Earlier in the morning, H.E. Khamphoui Keoboualapha, deputy prime minister and chairman of the Planning and Cooperation Committee, received a courtesy call at the Office of the Planning and Cooperation Committee from H.E. Shunmugum Jayakumar and his delegation. The meeting between host and guest proceeded amid a friendly atmosphere from start to finish.

Delegation Ends Visit

BK3005103295 Vientiane KPL in English 0915 GMT 30 May 95

[FBIS Transcribed Text] Vientiane, May 30 (KPL) — A delegation of the Foreign Minisrry of Singapore headed by its minister, Dr. Shammuga Jayakamar, who is also minister of law, left here on May 28 ending its three-day visit to the Lao PDR [People's Democratic Republic].

The delegation was seen off at the airport by H.E. Somsavat Lengsavat, minister for foreign affairs of the Lao PDR, and other high ranking officials.

During his three-day stay here, Dr. Shammuga Jayakamar called on Khamtai Siphandon, prime minister of the Lao PDR, and Khamphoui Keoboualapha, vice premier and president of the Committee for Planning and Cooperation of the Lao PDR. The Singaporean delegation also met with the delegation of the Ministry of Foreign Affairs of the Lao PDR headed by its minister, Somsavat Lengsavat. At the meeting the two sides unanimously agreed to continue the development of cooperation in many fields according to the agreement between prime ministers of the two countries — Laos and Singapore, during the visit of Lao Prime Minister Khamtai Siphandon to Singapore on April.

The Singaporean delegation also visited many important places in Vientiane Prefecture.

Khamtai Siphandon Receives SRV Delegation

BK3005103695 Vientiane KPL in English 0912 GMT 30 May 95

[FBIS Transcribed Text] Vientiane, May 29 (KPL) — Khamtai Siphandon, president of the Executive Committee of the Lao People's Revolutionary Party Central Committee [LPRP CC] and prime minister of the Lao PDR [People's Democratic Republic] on May 29, received a delegation of the Ministry of Agriculture and Food Industry of the Socialist Republic of Vietnam led by its minister, Nguyen Cong Tan, member of the Communist Party of Vietnam Central Committee, who is on his official visit to Laos from 28 May to 4 June at the invitation of the Ministry of Agriculture and Forestry of the Lao PDR.

The head of Vietnamese delegation expressed thanks the Lao prime minister for his warm welcome. Minister Nguyen Cong Tan also informed Prime Minister Khamtai Siphandon about the aim of his visit to Laos, in order to discuss with the Lao side, the way for promotion of cooperation and exchange of experiences between the two ministries.

During the course of the visit, the Vietnamese delegation will sign with the Lao side an agreement on agricultural cooperation between the two ministries.

The Lao prime minister congratulated and highly valued the visit of the Vietnamese delegation to Laos, thus contributing to the strengthening of friendship and cooperation between Laos and Vietnam. The Lao prime minister wished Vietnamese delegation success during its visit to Laos.

Taking part at the meeting were Sisavat Keobounphan, member of the party Central Committee, minister of agriculture and forestry; Bui Van Thanh, ambassador extraordinary and plenipotentiary of the Socialist Republic of Vietnam to Laos.

Cooperation Pact Signed With SRV Province

BK2805135095 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 27 May 95

[FBIS Translated Text] A delegation from SRV's Quang Tri Province led by Nguyen Duc Hoan, Party Committee secretary and People's Council chairman of the province, concluded their working visit to Saravane Province and returned home on 25 May.

During the three-day visit to Saravane, the Quang Tri provincial delegation held talks with the Saravane provincial delegation led by Thongvang Sihachak, Party Committee secretary and governor of the province. They exchanged economic, cultural, social, and development information and also viewed prospects for their respective provinces. At the same time, they exchanged views and experiences on cooperation between Saravane and Quang Tri provinces.

On this occasion, the heads of the two delegations jointly signed a memorandum on cooperation and maintenance of public security along the border between the two provinces, especially at border marker No. 16 between Samouai District, Saravane Province, and (Cua) District, Quang Tri. This is to make conditions conducive for the exchange of visits and goods between the people of the two provinces in conformity with the laws and rules and regulations of each country.

Thailand

DPRK's Kim Yong-nam on Unofficial Visit

BK2805145495 Bangkok XING XIAN RIBAO in Chinese 28 May 95 p 8

[Report by correspondent Liu Zhenyan]

[FBIS Translated Text] According to an informed diplomatic source, Kim Yong-nam, North Korean vice premier and foreign minister, arrived in Bangkok yesterday for a two-day unofficial visit to keep abreast of current regional developments.

Kin Yong-nam will leave for an official visit to Iran on Monday. The purpose of his visit is unknown.

Kim Yong-nam, who is 70 years, was scheduled to visit ASEAN countries last October. However, his trip was postponed because of an "internal problem."

The North Korean Government recently signed an agreement to buy 300,000 metric tons of rice from Thailand to solve its shortage problem.

In recent years, North Korean, through Thailand, has asked ASEAN to accept it as an ASEAN dialogue partner. It has also asked to join the ASEAN Regional Forum. However, ASEAN has not accepted this for consideration. North Korea held talks with the Philippines early this year on the establishment of diplomatic relations. It hopes that the establishment of diplomatic relations can be realized this year.

Kuala Lumpur was recently selected as a venue for the North Korean-U.S. light-water reactor talks, implicitly strengthening ties between ASEAN and North Korea.

Surin Rejects Burmese Charge on Border Conflict

BK3005042395 Bangkok BANGKOK POST in English 30 May 95 p 8

[FBIS Transcribed Text] Acting Foreign Minister Surin Phitsuwan yesterday hit back at Burmese junta leader Lt-Gen [Lieutenant General] Khin Nyunt for saying the incidents along the Thai-Burmese border were a "political ploy" by Thailand.

"No one could set up border conflicts with Burma as a political ploy," he said.

Mr Surin called Lt-Gen Khin Nyunt's remarks "groundless" and blamed the internal conflict between the Rangoon military government and the ethnic minorities as the root cause of the instability along the common border.

Lt-Gen Khin Nyunt, intelligence chief and the first secretary of the State Law and Order Restoration

Council [SLORC], was quoted as saying in the state-owned New Light of Myanmar on Sunday that Thai politicians used border tension with Burma to divert the Thai public's attention away from the internal political crisis.

Speaking at a graduation ceremony for teachers in a school near Rangoon on Saturday, Lt-Gen Khin Nyunt said the attempt by the politicians to put the blame on the Thai armed forces for the border problems had failed due to firm ties between the Thai and Burmese armed forces.

Mr Surin said there was no need to clarify the facts with Rangoon because Thai nationals are well aware of the reality of the political situation in Burma.

He reaffirmed that Thailand wanted peace and stability in the region rather than the continued conflicts in a neighbouring country, which unavoidably affect the country.

Foreign Ministry spokesman Suwit Simasakun doubted whether Lt-Gen Khin Nyunt realises that Thailand upholds the principle of democracy which unifies the administrative and the military institutions in working towards a common goal to secure the country's sovereignty.

"I don't think Mr Khin Nyunt understands that Thailand is a democratic country, which is totally different to Burma," he said, adding that there was no separation of the armed forces from the Government or civilians.

He said the government, politicians and armed forces may make differing remarks, but all reflected the government policy.

The spokesman said Thailand is determined to be a good neighbour with Burma but will not allow anybody to invade its territory.

Disputes at the border with Burma have faded in the past few weeks after the breakaway Democratic Karen Buddhist Organisation forces, backed by the SLORC, crossed the border to harass the Karen National Union members who are taking refuge in Thailand.

Meanwhile, acting prime minister Chuan Likphai said he has received a report on the Burmese leader's comments and does not know what intentions he might have had for making such statements.

U.S. Congressman's Burma Visit Reported

BK3105043395 Bangkok BANGKOK POST in English 31 May 95 p 7

[FBIS Transcribed Text] U.S. Congressman Bill Richardson proposes a "group of friends policy" toward Burma to replace ASEAN's constructive engagement policy if Aung San Suu Kyi is not freed by July 19, which marks her sixth year under house arrest.

"Constructive engagement is not working, we need aggressive engagement and it must be done multilaterally," he told a press conference in Bangkok yesterday. He visited a Karen camp yesterday after a two-day trip to Rangoon.

Richardson (Democrat, New Mexico) also proposed that democratization in Burma be placed on the agenda of the ASEAN foreign ministers' annual meeting in Brunei in July.

ASEAN has maintained its invitation to Burma's ruling State Law and Order Restoration Council [SLORC] as "guest of the host" at the meeting, despite Rangoon's offensive against ethnic minorities and a series of border incursions to attack refugees in Thailand.

The congressman was the first person outside immediate family members allowed to meet detained pro-democracy leader Aung San Suu Kyi in February 1994.

He described his latest trip as "unsuccessful, frustrating and disappointing. I was stiffed. I failed. I was unable to see Aung San Suu Kyi or any political prisoner at Insein Prison."

He was also unable to persuade the SLORC to allow the International Committee of the Red Cross to fulfill its mandate freely in Burma and to grant a visa to Aung San Suu Kyi's husband to visit her.

He said he could conclude from his visit that the situation in Burma was of "serious repression, regression and retrenchment", following more positive developments in the country recorded last year.

There was still no commitment from the SLORC to release Aung San Suu Kyi, more arbitrary detentions, and "unreasonable conditions" put on the Red Cross, he said.

Richardson proposed that July 19 be the deadline for Aung San Suu Kyi's unconditional release, otherwise the international community should launch a new, more aggressive policy toward Burma.

He suggested the "group of friends", whose function would be similar to the contact groups in Namibia and Yugoslavia, would provide "a road map of carrots and sticks, economic development, financing and loans in exchange for democratization" by the military junta.

"There are millions of dollars in investment pouring into Burma without any constructive dialogue."

He tentatively proposed the group be made up of Australia, South Korea, the Philippines, India, Thailand, Japan, and Malaysia, while the U.S., Britain, and France be observers or guests. The World Bank, the Asian Development Bank, and the International Monetary Fund would serve as guarantors.

China, a key supporter of the SLORC, and Singapore, a major investor in the country, were not mentioned as potential members. Richardson said they might fall into a category of countries which were not politically interested in such an initiative.

He stressed a multilateral approach was needed for Burma as trade or economic sanctions would not work unless all countries applied them.

Richardson also proposed that corporations doing business with the SLORC adopt a voluntary "code of conduct" to promote labor rights and human rights and to speak out for democracy in the country.

He met Lt-Gen [Lieutenant General] Khin Nyunt, intelligence chief and first secretary of the SLORC, 12 ambassadors and opposition leaders during his stay.

Richardson said he talked about his proposal with the ambassadors and received a positive response, but any commitment would have to be discussed with their governments.

WTO Chief Interviewed on Trade, Services

BK3105082895 Bangkok THE NATION in English 31 May 95 p B3

[Interview with World Trade Organization, WTO, Director General Renato Ruggiero by Chirawat Na Thalang in Bangkok; date not given]

[FBIS Transcribed Text] **Wnat is your comment on Thailand's offer to liberalize its service sector, especially financial services? Is it sufficient?**

Well, I think that it's not my role at this stage to go into details. So my purpose is to tell the Thai government that I know they are on the road to liberalization in the banking and insurance sector. You know that negotiations among the countries are continuing at different speeds. My point is that all efforts have to be made by Thailand to try and improve the negotiation situation. The answers I have received from the Thai government have been very positive.

How could the WTO give an assurance that the US will no longer use unilateral pressure to press Thailand to open up trade in services again?

Well, I would not say that the US is applying pressure. The Gatt and WTO systems consist of bilateral approaches in a multilateral frame, so countries have to make concessions. So the action of the US does conform to WTO rules.

My last remark is that in these affairs of financial services, there is interest from industrialized countries to export financial services and there is also strong interest from developing countries to improve financial services.

Over the next year, developing countries will be obliged to compete in the capital market to attract resources and investment. So you need good financial services.

What is your expectation of the US position which is reciprocity rather than the most favoured nation approach? (The US said earlier it would not grant service concessions to countries which fail to open up their markets to the US).

Well, if the US uses reciprocity, there will be no positive conclusions to the negotiations. Because I hope we will have a positive conclusion, I think the US will not use reciprocity as its approach.

As the developing members of Gatt have different approaches to industrialized Gatt countries to the social clause, and since the WTO is expected to raise the social clause, including human rights, as a future agenda, how do you plan to bridge these differences?

I'm really not sure whether the problem is about different values. The problem has to be a clarification from industrialized countries on what they really want. Is it a human rights problem or an economic problem and in this aspect, what are the real dimensions of this problem?

There are now discussions of this matter in the OECD (Organization for Economic and Cooperation Development) taking place in Geneva. In the ILO (International Labour Organization) in November, they will have another session on this problem.

Both discussions are very useful to clarify the issues. My position is very simple. On one hand, I do not believe we have to fear the discussions. Second, I do not believe that trade restriction measures can solve or really contribute or alleviate the problem.

Protectionist measures mean creating new barriers between developing and developed countries. They reduce growth prospects. In both cases, it is not entirely clear whether problems of social standards will be alleviated.

How do you view the emerging regional economic groupings such as Apec (Asia Pacific Economic Cooperation) and the US attempt to create a North Atlantic trade pact with European countries. Would it decrease the strength of the WTO?

A free trade area between the US and Europe is just an idea so it is difficult to comment on something that does not exist.

For Apec, there are many problems which have to be clarified before the idea takes shape. Apec, on the other hand, in a certain sense, is in its first stage and is a part of the general principles of free trade. I do not know precisely how it is constructed. Anyway, up until now, regional areas have contributed to promote free trade and strengthen the multilateral system. I hope this will continue.

There are some rules required for regional economic areas to be compatible with the multilateral system. In the future I hope they will respect these roles.

Groups Welcome KR Timber Deal Investigation

BK2805125495 Bangkok THE SUNDAY POST in English 28 May 95 p 2

[FBIS Transcribed Text] Environmentalists and Global Witness welcome Acting Prime Minister Chuan Likphai's decision to investigate Thai involvement with the Khmer Rouge [KR] and alleged illegal imports of Cambodian timber.

Mr Chuan said he would ask the National Security Council and the Foreign Ministry to look into the matter. He claimed the Thai government had not maintained contact with the outlawed Khmer Rouge.

Officials of Global Witness said they would provide details of their findings to help the investigation and, if necessary, guide investigators to the areas concerned.

"If Mr Chuan is sincere in his efforts to close the illegal timber trade, will he now invite independent observers to monitor the activities of timber companies in border areas?" the group asked.

Global Witness claims in a press release to have a video-taped interview with Thai concession-holder, Phairat Charoenphon, managing director of Display Tech (Thailand) Ltd. He allegedly admits paying the Khmer Rouge.

His American business partners Larry Bridges and Thomas Haylett, claimed Phairat's high connections allowed them to enter Thailand, avoiding customs formalities, according to the group.

Global Witness spokesman Patrick Alley said the Thai government was ill-informed or deliberately misleading the public.

Thai log truck drivers from several companies interviewed by Global Witness were issued permits by the Khmer Rouge which allowed them to pass through KR checkpoints on the way to Thailand.

"Thai timber companies have signed new concessions with the Khmer Rouge. One of these companies, with a new two-year concession has an import permit signed by Thai Interior Minister Sanan Khachonprasat on March 28, 1995, allowing it to import 30,000 cubic metres of logs," Global Witness said.

The NGO disputes Rear Admiral Sombun Sunthonhet's denial that timber is entering Kalapangha Harbour in Trat province.

"On May 19 we filmed 10 fishing boats, each unloading about 100 cubic metres of rough-sawn wood.

"Thai and Khmer fishermen told us that roughly 10 boats make this trip seven days a week and, for many of these people, timber importing has replaced fishing as a way of life," Global Witness said.

The press release alleged the companies interviewed which had Khmer Rouge concessions included Suan Pha, The Maka Centre Co Ltd, Chao Phraya Akhane and Display Tech (Thailand) Ltd.

Government, Private Sector Back Nuclear Power

BK3005052695 Bangkok THE NATION in English 30 May 95 p B3

[By Chiraphon Achawakom]

[FBIS Transcribed Text] A group of government and private sector officials have given their backing to the establishment of nuclear power plants in Thailand as an alternative to other energy sources, as demand for electricity has risen sharply.

Electricity demand in Thailand has been increasing rapidly but several energy sources have been depleted. So electricity from nuclear power generation seems to be the preferred choice, from the consensus at last Thursday's seminar on nuclear energy.

"Our total capacity nowadays is 12,948.5 megawatts, but electricity demand will go up to at least 30,000 MW in the next 16 years. We have two choices; purchasing electricity from Laos, Burma or Cambodia, or launching a nuclear power generation project," said Doctor Phadet Sawatbut, project manager of MDX Power Public Co Ltd.

Political instability and the delay of these energy projects in neighbouring countries has caused many investors to consider the idea of going nuclear.

"In establishing electricity power plants, we have to be aware of the environmental condition. Lignite, natural gas, and oil produce large amounts of carbon dioxide. Moreover, they worsen the greenhouse effect. As a matter of fact, nuclear power does not pollute the air," said Santhat Somchewit, secretary general of the Office of Environmental Plans.

Although the nuclear choice is now widely accepted among many scientists, many Thai people including conservationists are against it because of problems about disposal of radioactive waste and safety concerns. The Chernobyl accident for instance has triggered many anti-nuclear movements worldwide.

"All the radioactive materials are properly processed and stored according to their form and condition. The underground disposal facility and the environment surrounding the power stations are guaranteed to be safe," Junichiro Mukai, managing director of Japan Atomic Power Company, said in the seminar. His company runs about 46 nuclear plants in Japan.

Research Center Reports on Inflation Policy

BK3105060095 Bangkok BANGKOK POST in English 31 May 95 p 16

[Report on monetary policy issued by Thai Farmers' Research Center: "Policy Clashes Endanger Inflation" — date not given]

[FBIS Transcribed Text] The Bank of Thailand faces a number of paradoxes as it pursues its policy targets, trying to control inflation while at the same time striving to liberalize the financial system, according to a report by the Thai Farmers' Research Center.

Recently, the central bank announced that the net capital inflow in the first four months of this year stood at 151 billion baht, a 66 percent increase over the same period last year. The sharp increase was attributed largely to the foreign borrowing of commercial banks which borrowed as much as 111.26 billion baht from abroad during the first quarter of 1995.

As money has flowed into Thailand, the sentiment of the domestic money market has lifted as has the SET index where volume hit new highs during the third week of May.

Paradoxically, the event that has lifted spirits at the SET may cause grave concern at the central bank, the report said. In particular, officials at the central bank may now be pondering a number of questions. What if the capital inflows keep pouring in and are here to stay, at least for a while? Will a sharp decline in domestic interest rates hurt the economy? In other words will inflation be an inevitable consequence of these capital inflows?

If capital inflows continue the market mechanism will cause the interbank rate to fall. Other banks' interest rates will follow, starting with the deposit rates and followed by the lending rates. How fast interest rates will decline should depend on the amount of the inflows and how long the money stays in the domestic economy, the report said.

If the money is here to stay for a while, the fall in interest rates will probably boost private sector spending which will eventually put pressure on prices of consumer goods throughout the economy.

If inflation begins to rise and the central bank decides it must act to keep it in check, it has a number of choices:

— Tighten the money market by absorbing the excess liquidity;

— Encourage the commercial banks to voluntarily cut their interest rates for non-resident baht accounts before the money floods the market;

— Change the cap under which banks can borrow from abroad;

— Lay down and enforce more restrictive guidelines for the banks' credit extension during the second half of the year.

The first measure, tightening the money market, might work as long as the amount of capital inflows is not too large, the research report said. However, if the inflows are continuous and large, the central bank might only be able to partially absorb the liquidity while the Government would later be burdened with huge interest payments from the offered bonds.

The report suggested that the second measure, asking commercial banks to cut their interest rates for non-resident baht accounts, might work in the short term to reduce the incentive for foreigners to bring their money into Thailand. However, domestic banks would eventually have to lower other interest rates to bring them in line with the initial cuts. That act would be contrary to the market mechanism if the banks maintain — or are forced to maintain — other interest rates at high levels while the rates for foreign funds are substantially reduced. As a result, interest rate levels in the domestic market would likely fall and the central bank would have to worry about inflation all over again.

The third measure, changing the cap that the banks can borrow from abroad, could be effective if the net position of the banks' foreign debt truly reflects the amount of inflows the banks bring in. If the banks can offset the inflows by buying a swap contract and gaining a squared position, changing the cap might not be so effective.

The report noted that the fourth measure, a more restrictive credit extension guideline for commercial banks, would have a direct impact on domestic industries and economic activities. However, restrictive credit control could lead to a credit crunch situation which in turn, could lead to a liquidity problem and possible loan losses among industries under the control measure.

As well, credit control by its very nature goes against market mechanisms and might be difficult to enforce since all parties would have an incentive not to abide by the control measure.

The report concluded that the central bank will face paradoxes if it tries to control inflation while at the same time supporting the liberalization of the financial system. Moreover, the report warned that any zealous attempt to control liquidity and inflation may backfire, causing economic activity to contract too strongly.

Coordinating and gently enforcing a couple of measures simultaneously may be the best route for the central bank to follow. Regardless of what measures the central bank chooses, however, bank officials should bear in mind that actions by the bank should not contradict the market mechanism and should be in line with the country's financial liberalization policy, the Thai Farmers Research Center concluded.

Vietnam

Radio Reports Winston Lord Remarks on MIA's

BK3105125895 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 31 May 95

[FBIS Translated Text] Today while talking to correspondents after his visit to East Asia, Mr. Lord, U.S. assistant secretary of state for East Asia and Pacific, stressed that Vietnam is cooperating in the search for information on the fate of U.S. servicemen missing in the Vietnam War. Mr. Lord revealed that Vietnam has handed over to the U.S. side new documents that promise new information on the MIA issue.

Investment Promotion Accord Signed With Russia

BK2805141095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 May 95

[FBIS Translated Text] The fourth session of the Vietnam- Russia Intergovernmental Committee on Economic, Trade, Scientific, and Technological Cooperation, was held in Moscow from 25-28 May.

Participating were two delegations from the SRV and Russian Federation governments led by their deputy prime ministers, Tran Duc Luong and Yarov.

The two sides examined what had been achieved in the implementation of the resolutions passed at the third session of the committee. It pointed out that thanks to intergovernmental cooperation, the 1,920-megawatt Hoa Binh hydroelectric power plant project and the first phase of the Lao Cai apatite ores sorting plant project with an annual output of 400,000 tons have been completed, that economic and trade relations between Vietnam and the Russian Federation continue to develop, that their barter trade in 1994 reached nearly $500 million, that trade relations between Russian Federation's Far Eastern region and various provinces in Vietnam have expanded, and that 6.9 million tons of crude oil were exploited from Bach Ho [White Tiger] oil field.

Those attending the session examined various issues aimed at further promoting economic, trade, scientific, and technological cooperation between the two countries.

The two sides signed some intergovernmental agreements on cooperation in agro-industry conglomeration, fishery, post and telegraph, and in investment promotion and protection. The two sides also signed a protocol on bilateral economic, trade, scientific, and technological cooperation.

Directive Urges Review of Enterprise Reform

BK2705125995 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 27 May 95

[FBIS Translated Text] The prime minister has just issued a directive urging ministries, sectors, and people's committees of provinces and cities subordinate to the central government to review the reform of enterprises.

The review is aimed at a better understanding of enterprises, evaluating the results gained from the management and reform of enterprises in all economic sectors, and pointing out the reasons for successes and problems. This is to enable the adoption of the necessary directions and measures to further reform enterprises until the year 2000. Enterprises of all economic sectors are included in the evaluation and review. The evaluation needs to focus on the role and effect of different type of enterprises, relations between the operation of enterprises with state management, the ability to mobilize investment capital and generate jobs, relations between enterprises and workers, and prospects of each enterprise in the coming period. The review must base its evaluation on the 1991-1995 period.

State Bank Cuts Interest on Short-Term Loans

BK3105100895 Hanoi Voice of Vietnam in English 1000 GMT 30 May 95

[FBIS Transcribed Text] The governor of the State Bank of Vietnam is to lower interests for short-term loans from commercial banks, joint stock holding banks, and other credit organizations by 0.18 percent. The maximum interest rate for bank loans is now fixed at 2.1 percent a month. On 1 June, the monthly rate will be reduced to 1.92 percent. However, those interest rates which have already been agreed upon by both banks and clients prior to 31 May will remain the same until the expiry of the loan.

Australia

Malaysia To Investigate 'Spying' at Embassy

LD3005164495 Melbourne Radio Australia in English 1600 GMT 30 May 95

[FBIS Transcribed Text] Malaysia says it will investigate a report that its diplomatic mission in Canberra has been subject to Australian spying. The prime minister, Mahathir Mohamed, said he would ask the Malaysian High Commission to ensure that it was free from spying devices.

Dr. [Mahathir] Mohamed added that he was not surprised by a report in the SYDNEY MORNING HERALD that the Malaysian diplomatic mission was among a number which had been subject to Australian surveillance and eavesdropping. He said he'd once been warned by Malaysian diplomats that his Australian hotel room was likely to be bugged.

The Malaysian foreign minister, Abdullah [bin Haji] Ahmad Badawi, said if the report was accurate, he would lodge a protest with Australia.

Indonesia To Offer To Sell CN-235 Aircraft

BK2905061995 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 29 May 95

[FBIS Translated Text] Indonesia will make an offer to sell the C-235 light transport aircraft produced by the IPTN [National Aircraft Industry] to Australia. This was decided in light of the fact that the Royal Australian Air Force has a program to replace two squadrons of its aging Caribou transport aircraft within the next three years.

Speaking in Sydney yesterday, Research and Technology Minister J.B. Habibie said the C-235 aircraft was selected to replace the aging Caribou because the aircraft is currently the most updated transport aircraft fitted with the most modern technology. He said the aircraft is conducive for Australia to use for sandy landings because it has passed a landing test conducted on a desert with a temperature of 45 degrees Celsius in Western Australia.

According to Minister Habibie, in anticipation of the sale of the aircraft, the IPTN had previously embarked on a cooperation agreement with two of Australia's aircraft firms, namely Fokker de Havilland and Honeywell.

Evans on Diplomatic Solution to Bosnian Crisis

BK3005102395 Melbourne Radio Australia in English 0630 GMT 30 May 95

[From the "International Report" program]

[FBIS Transcribed Excerpt] An emergency meeting of foreign ministers from the five-nation contact group on the former Yugoslavia has described the taking of United Nations hostages as unacceptable. They have also condemned the escalation of violence in Bosnia as the peacekeepers who remain await the arrival of extra military protection. [passage omitted]

Australia's foreign minister, Gareth Evans, says the latest efforts on Bosnia highlight the difficulties facing the international community. Senator Evans is talking to Cathy Bell:

[Begin recording] [Evans] Well, I think it is only a diplomatic solution at the end of the day that is going to resolve this problem and the troop movements that are now occurring are essentially only palliative to ensure that there is better protection for the UN forces already there. And, at the same time that there is a capacity to get them out — if that decision has to be made — with minimal loss. The dilemma that the UN has had right from the outset is it's been caught between a rock and a hard place, between on the one hand mobilizing a peacekeeping mission in the absence of a peace to keep, while on the other hand giving itself limited peace enforcement functions in the protection of safe areas and so on without the capacity to genuinely enforce a military outcome. But the capacity really hasn't been there to do anything else much, and the dilemma that has been around for the last year or two is still starkly confronting us.

[Bell] And yet you say the only real option is a diplomatic solution to this war?

[Evans] Well, the contact group of the five major powers that are trying to influence the situation has identified a diplomatic solution which would go a long way to resolving most of the competing claims. As far as the Bosnian Serbs are concerned that would give them 49 percent of the territory of Bosnia in a situation where they only have one-third of the population. They ought to be content with that, although at the moment they've got two-thirds of the territory and obviously want more. But if pressure can be put upon them from Milosevic — from the Belgrade Serbs — with Russia standing in turn behind them, well at the end of the day their position may be untenable militarily and they may have to accept such a diplomatic outcome. That at least is the hope.

[Bell] Well at this stage, as you say, the only option appears to be just to strengthen the military presence there while these negotiations go on. The French are calling for a new mandate for the United Nations. Do you think there is now the political will to back a more aggressive role in Bosnia?

[Evans] Well, I don't think there is a political will to have a full scale enforcement mandate that would involve the UN imposing a totally military solution on the whole situation. That option might have been available at the outset, and with the benefit of hindsight a whole heap of people are saying that is what should have been done. Now, I think all that a revised mandate can do is increase the capacity of the UN to fight back when its own forces are threatened or to do a better military job of protecting the safe areas and the humanitarian corridors that it's presently mandated to do, but hasn't really got the capacity to do.

Well, the air strike option has been around for some time as part of its existing mandate, but the dilemma about air strikes has always been that if you mobilize an air strike without a massive ground presence to reinforce it, then you make yourself vulnerable to exactly what we have seen happen in this situation; namely, ground troops scattered around the landscape and ill-protected being captured, taken hostage, and then other reprisal efforts being made through shelling and so on against Sarajevo, Tuzla, and these places which make things even worse for the civilian population. At the same time, nobody wants to let the misbehavior go by that prompted the air strikes to begin with. So, you are caught once again in this horrible dilemma.

Well, one can understand the urge to take tougher action and there is a constant cry from all around the world, not least from the Bosnian Government itself, for that to occur. And I think...

[Bell, interrupting] The UN?

[Evans, continuing] ...you have seen responses to that, but again without troops on the ground, as you say, it does not bear the pain of any of the consequences that flow from that and that is been, of course, the source of criticism made by the European powers against the U.S. It looks as though the U.S. will be putting, or at least they're making a greater or more intense military engagement in this. But for the moment, I think with the hostages taken, as they outrageously have been, there is no other option for the time being but to suspend air strikes and try and resolve the issue in other ways.

[Bell] Well, the Bosnian Government is again calling for a lifting of the arms embargo. Is that worth considering?

[Evans] Well, I don't think anyone seriously believes that's going to make a huge practical difference on the ground. There has been, particularly since the Bosnian-Croatian rapprochement, a considerable de facto flow of arms including we think quite heavy arms into the region. [end recording]

Trade Minister Criticizes G-7 Trade Reforms

LD2605113095 Melbourne Radio Australia in English 0900 GMT 26 May 95

[FBIS Transcribed Text] Australia has called for another round of world negotiations before the end of the decade to make more reforms to agricultural trade. The trade minister, Bob McMullan, said another round is needed as world farm trade was still highly distorted and protected.

Speaking in Manila at a meeting of the Cairns Group of agricultural exporters, Senator McMullan said the agenda that the G-7 developed nations were drawing up for trade reform was too narrow. He said the Cairns Group was an important force in reform of farm trade in the seven-year-long Uruguay trade round completed last year. But, he said, there were already signs that some countries were not respecting the spirit of their obligations under the Uruguay Round. Senator McMullan said the proliferation of regional trade initiatives also had implications for reform of farm trade.

New Zealand

Foreign Minister on Pulling Troops From Bosnia

LD2805093095 Melbourne Radio Australia in English 0900 GMT 28 May 95

[FBIS Transcribed Text] New Zealand's foreign minister, Don McKinnon, says his country will consider removing its peacekeeping troops from Bosnia-Herzegovina if one of the major contributors to the United Nations mission withdraws. Mr. McKinnon said that at the moment the 253 New Zealand troops in Bosnia would continue to carry out their peacekeeping duties. He said that if a major troop contributor did decide to pull its troops out it would have a considerable impact on the overall operation, making others think carefully about a continued commitment.

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